

# **The Ohio State University**

(A Component Unit of the State of Ohio)

**EIN: 31-6025986**

Financial Statements as of and for the years ended  
June 30, 2016 and 2015 and Report on Federal  
Financial Assistance Programs in Accordance with the  
OMB Uniform Guidance for the year ended June 30,  
2016





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of The Ohio State University, Franklin County, prepared by Pricewaterhouse Coopers LLP, for the audit period July 1, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, stylized "D" and "Y".

Dave Yost  
Auditor of State

December 20, 2016

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**The Ohio State University**  
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**June 30, 2016 and 2015**

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## **Report of Independent Auditors**

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

### **Report on the Financial Statements**

We have audited the financial statements of The Ohio State University (the "University"), a component unit of the State of Ohio, appearing on pages 21 to 86, which consist of the statements of net position as of June 30, 2016 and June 30, 2015, the related statements of revenues, expenses, and other changes in net position and of cash flows, and the related notes to the financial statements for the years then ended, of the primary institution and of the aggregate discretely presented component units, which collectively comprise the University's basic financial statements.

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

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

### ***Auditors' Responsibility***

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

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



## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the primary institution and the aggregate discretely presented component units of the University as of June 30, 2016 and June 30, 2015, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

The accompanying management's discussion and analysis on pages 4 through 20, and the Required Supplementary Information on GASB 68 Pension Liabilities on page 87 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying other information on the long-term investment pool on pages 88 through 89 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The accompanying schedule of expenditures of federal awards for the year ended June 30, 2016 on pages 90 through 128 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2016 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2016. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

*PricewaterhouseCoopers LLP*

November 3, 2016



## **Management's Discussion and Analysis for the Year Ended June 30, 2016 (Unaudited)**

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The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of The Ohio State University (the "university") for the year ended June 30, 2016, with comparative information for the years ended June 30, 2015 and June 30, 2014. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

### **About The Ohio State University**

The Ohio State University is the State of Ohio's flagship research institution and one of the largest universities in the United States of America, with over 65,000 students, 6,800 faculty members and 24,000 staff members. Founded in 1870 under the Morrill Land Grant Act, the university -- which was originally known as the Ohio Agricultural and Mechanical College -- has grown over the years into a comprehensive public institution of higher learning, with over 200 undergraduate majors, 157 master's degree programs, 121 doctoral programs and seven professional degree programs.

The Ohio State University Wexner Medical Center is one of the largest and most diverse academic medical centers in the country and the only academic medical center in central Ohio. As a part of the Wexner Medical Center, the Health System operates under the governance of The Ohio State University Board of Trustees and is comprised of The Ohio State University Hospital, The Arthur G. James Cancer Hospital and Richard J. Solove Research Institute, Richard M. Ross Heart Hospital, University Hospital East, OSU Harding Hospital, The Ohio State University Specialty Care Network, Dodd Rehabilitation Hospital, The Eye and Ear Institute, The Stefanie Spielman Comprehensive Breast Center, and operates Ambulatory and Primary Care sites throughout central Ohio. The Health System provided services to approximately 59,300 adult inpatients and 1,724,000 outpatients during fiscal year 2016, 58,200 adult inpatients and 1,664,000 outpatients during fiscal year 2015, and 57,000 adult inpatients and 1,593,000 outpatients during fiscal year 2014.

The university is governed by a board of trustees who are responsible for oversight of academic programs, budgets, general administration, and employment of faculty and staff. The university's 15 colleges, four regional campuses, the Wexner Medical Center and various academic support units operate largely on a decentralized basis. The Board approves annual budgets for university operations, but these budgets are managed at the college and department level.

The following financial statements reflect all assets, liabilities, deferred inflows/outflows and net position (equity) of the university, the Ohio State University Wexner Medical Center, the Ohio Agricultural Research and Development Center (OARDC) and the Ohio Technology Consortium (OH-TECH), which is an umbrella organization that includes the Ohio Academic Resources Network (OARnet), the Ohio Supercomputer Center and the Ohio Library and Information Network (OhioLINK). These entities constitute the "primary government" for financial reporting purposes. In addition, the financial statements include consolidated financial results for a number of "component units", which are legally separate entities that meet the financial accountability criteria set forth in Governmental Accounting Standards

## Management's Discussion & Analysis (Unaudited) - continued

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Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*.

The following component units are considered to “exclusively benefit” the university and are shown in a blended presentation with the primary government:

- The OSU Foundation (a fundraising foundation operating exclusively for the benefit of the university)
- OSU Health Plan (a non-profit organization – formerly known as OSU Managed Health Care Systems -- that administers university health care benefits)
- Oval Limited (captive insurer that provides medical malpractice coverage to university hospitals and physicians)

The GASB has indicated that, under the amended consolidation standards, the “exclusive benefit” criterion for blending is not met when a component unit provides services to parties external to the primary government. As a result, the university presents the following component units in a discrete presentation:

- OSU Physicians, Inc. (the practice group for physician faculty members of the Colleges of Medicine and Public Health)
- Campus Partners for Community Urban Redevelopment (a non-profit organization participating in the redevelopment of neighborhoods adjacent to the main Columbus campus)
- Transportation Research Center, Inc. (an automotive research and testing facility in East Liberty, Ohio)
- Dental Faculty Practice Association (the practice group for faculty members of the College of Dentistry)

Condensed financial information for both blended and discretely presented component units is provided in the Notes to the Financial Statements. The university is considered a component unit of the State of Ohio and is included in the State of Ohio's Comprehensive Annual Financial Report.

### About the Financial Statements

The university presents its financial statements in a “business type activity” format, in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*. In addition to this MD&A section, the financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Other Changes in Net Position, a Statement of Cash Flows and Notes to the Financial Statements. Separate columns are presented for the primary institution (which includes the primary government and the blended component units), discretely presented component units and the total university. Unless otherwise specified, the amounts presented in this MD&A are for the primary institution.

## Management's Discussion & Analysis (Unaudited) - continued

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The **Statement of Net Position** is the university's balance sheet. It reflects the total assets, deferred outflows, liabilities, deferred inflows and net position (equity) of the university as of June 30, 2016, with comparative information as of June 30, 2015. Liabilities due within one year, and assets available to pay those liabilities, are classified as current. Other assets and liabilities are classified as non-current. Investment assets are carried at fair value. Capital assets, which include the university's land, buildings, improvements, and equipment, are shown net of accumulated depreciation. Net position is grouped in the following categories:

- Net investment in capital assets
- Restricted – Nonexpendable
- Restricted – Expendable
- Unrestricted

In addition to assets, liabilities and net position, the university's balance sheet includes deferred outflows of resources and deferred inflows of resources. Deferred outflows are similar to assets and will be recognized as expense in future periods. Deferred inflows are similar to liabilities and will be recognized as revenue (or reductions of expense) in future periods.

The **Statement of Revenues, Expenses and Other Changes in Net Position** is the university's income statement. It details how net position has increased (or decreased) during the year ended June 30, 2016, with comparative information for the year ended June 30, 2015. Tuition revenue is shown net of scholarship allowances, patient care revenue is shown net of contractual allowances, charity care and bad debt expense, depreciation is provided for capital assets, and there are required subtotals for net operating income (loss) and net income (loss) before capital contributions and additions to permanent endowments.

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

The **Statement of Cash Flows** details how cash has increased (or decreased) during the year ended June 30, 2016, with comparative information for the year ended June 30, 2015. It breaks out the sources and uses of university cash into the following categories:

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

## Management's Discussion & Analysis (Unaudited) - continued

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

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

### Financial Highlights and Key Trends

Total net position for the primary institution increased \$63 million in Fiscal Year 2016, primarily due to revenue growth and increases in operating margins for the OSU Health System. University investments yielded an \$11 million net investment loss, reflecting declines in fair value. Two March 2016 bond issues, totaling \$631 million, increased the university's long-term debt to \$3.37 billion at June 30, 2016.

Demand for an Ohio State education remains strong, and student outcomes continue to improve. 65,184 students were enrolled in Autumn 2015, up 316 students compared to Autumn 2014. 94% of the freshmen enrolled in Autumn 2014 returned to OSU in Autumn 2015. Over the past five years, four-year graduation rates have increased from 51% to 59%, and six-year graduation rates have increased from 78% to 83%.

The following sections provide additional details on the university's 2016 financial results and a look ahead at significant economic conditions that are expected to affect the university in the future.

## Management's Discussion & Analysis (Unaudited) - continued

### Statement of Net Position

<b>Summary Statement of Net Position</b> <i>(in thousands)</i>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Cash and temporary investments	\$ 1,971,929	\$ 1,782,051	\$ 1,404,608
Receivables, inventories, prepaids and other current assets	709,872	664,402	611,238
<b>Total current assets</b>	<b>2,681,801</b>	<b>2,446,453</b>	<b>2,015,846</b>
Restricted cash	802,707	375,425	435,293
Noncurrent notes and pledges receivable	106,629	118,257	117,159
Long-term investment pool	3,616,562	3,659,387	3,613,866
Other long-term investments	132,971	93,367	84,731
Capital assets, net of accumulated depreciation	4,852,433	4,803,242	4,492,896
<b>Total noncurrent assets</b>	<b>9,511,302</b>	<b>9,049,678</b>	<b>8,743,945</b>
<b>Total assets</b>	<b>12,193,103</b>	<b>11,496,131</b>	<b>10,759,791</b>
Deferred outflows	698,125	227,083	8,650
<b>Total assets and deferred outflows</b>	<b>\$ 12,891,228</b>	<b>\$ 11,723,214</b>	<b>\$ 10,768,441</b>
Accounts payable and accrued expenses	\$ 469,216	\$ 447,364	\$ 391,064
Deposits and advance payments for goods and services	216,372	261,537	229,530
Current portion of bonds, notes and lease obligations	658,418	655,919	504,165
Other current liabilities	94,883	76,788	47,445
<b>Total current liabilities</b>	<b>1,438,889</b>	<b>1,441,608</b>	<b>1,172,204</b>
Noncurrent portion of bonds, notes and lease obligations	2,714,842	2,186,090	2,101,363
Net pension liability	2,794,626	2,130,432	-
Other noncurrent liabilities	401,708	380,382	373,305
<b>Total noncurrent liabilities</b>	<b>5,911,176</b>	<b>4,696,904</b>	<b>2,474,668</b>
<b>Total liabilities</b>	<b>7,350,065</b>	<b>6,138,512</b>	<b>3,646,872</b>
Deferred inflows	587,150	693,251	484,450
Net investment in capital assets	2,282,647	2,340,342	2,320,611
Restricted:			
Nonexpendable	1,370,064	1,355,560	1,281,640
Expendable	908,953	993,000	999,029
Unrestricted	392,349	202,549	2,035,839
<b>Total net position</b>	<b>4,954,013</b>	<b>4,891,451</b>	<b>6,637,119</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 12,891,228</b>	<b>\$ 11,723,214</b>	<b>\$ 10,768,441</b>

During the year ended June 30, 2016, **cash and temporary investment** balances increased \$190 million, to \$1.97 billion, primarily due to strong operating margins at the OSU Health System. Amounts shown as restricted cash consist primarily of unspent proceeds from the General Receipts Bonds, which are being used to fund various capital projects. The Statement of Cash Flows, which is discussed in more detail below, provides additional information on sources and uses of university cash.

**Accounts receivable**, net of allowances, increased \$28 million, to \$513 million at June 30, 2016, primarily due to increases in patient care receivables of the Health System. **Inventories and prepaid expenses** increased \$28 million, to \$111 million, reflecting increases in prepayments for contractual services.

## Management's Discussion & Analysis (Unaudited) - continued

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The fair value of the university's **long-term investment pool** decreased \$43 million, to \$3.62 billion at June 30, 2016. Increases in the pool, including \$235 million of principal additions and \$71 million of interest and dividend income, were offset by distributions (\$145 million), expenses (\$74 million) and a \$129 million decline in fair value. The long-term investment pool operates similar to a mutual fund, in that each named fund is assigned a number of shares in the pool. It includes the gifted endowment funds of the university, gifted endowment funds of the OSU Foundation, and operating funds which have been internally designated to function as endowments. The pool is invested in a diversified portfolio of equity and fixed-income securities, partnerships and hedge funds that is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support the university's mission.

The university has established a **securities lending program** through its custodian bank for the long-term investment pool. Securities loaned by the university are secured by collateral in the form of cash, equity, U.S. government obligations, and foreign government/private debt. The portion of this collateral that was received in cash totaled \$28 million at June 30, 2016 and is reflected in the Statement of Net Position as a current asset and a corresponding current liability.

**Other long-term investments** are non-unitized investments that relate primarily to gift arrangements between donors and the OSU Foundation and long-term investments of operating funds. These investments increased \$40 million, to \$133 million, at June 30, 2016.

**Capital assets**, which include the university's land, buildings, improvements, equipment and library books, increased \$49 million, to \$4.85 billion at June 30, 2016. The university depreciates its capital assets on a straight-line basis, using estimated useful lives ranging from 5 years (for computer equipment and software) to 100 years (for certain building components such as foundations).

The most significant project completed in 2016 was the North Residential District Transformation (NRDT) student facilities project. The NRDT encompassed ten new buildings including dormitories and dining halls, the related enabling infrastructure and landscaping, and improvements to three existing housing facilities for second-year students. The \$371 million project is in alignment with the Second-Year Transformational Experience Program (STEP) and its commitment to achieving on-campus residency for the majority of second year undergraduates.

Also completed in 2016 was a \$15 million boiler replacement project in the McCracken Power Plant facility, phase one of the Veterinary Hospital project which included \$12 million of renovations to 97,000 gross square feet of the existing facility, and an \$8 million renovation and enhancement to the Wilce Student Health Center.

Major infrastructure improvements completed in 2016 included \$13 million related to the replacement of tunnel sections beneath College Road and 18<sup>th</sup> and 19<sup>th</sup> Avenues and the second phase of the East Regional Chiller Plant project, which encompassed connectivity to the NRDT and additional tunnel replacements in the Academic Core North.

## Management's Discussion & Analysis (Unaudited) - continued

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In addition, several major construction projects are currently underway or in advanced planning stages, including:

- Arts & Science Academic Buildings — The \$59 million project will renovate Pomerene, Baker and Oxley Halls to accommodate academic programs. The first phase of the project, Baker Commons, is slated for completion in the spring of 2018.
- Jameson Crane Sports Medicine Institute – The \$38 million project, slated for completion in the fall of 2016, will construct a state-of-the-art, comprehensive sports medicine facility housing 15 interdisciplinary specialties and 160 sports medicine faculty and staff.
- Covelli Multi-Sport Arena – The \$30 million project will construct a new multi-sport arena to house the men's and women's varsity volleyball teams and fencing, wrestling, and gymnastics matches. The project is in the design phase and slated for completion in the spring of 2018.
- Ohio Stadium Upgrades – The \$42 million project will include power upgrades, suite expansion and renovation, C-Deck restoration and a suite and loge addition. The project is currently in the design phase and slated for completion for the summer of 2017.
- Student Athlete Development Center – The \$32 million project will construct a state-of-the-art athletic training center with new weight training and cardio conditioning for use by most of the university's sports programs. The project is in the design phase and slated for completion the summer of 2018.
- Schottenstein Center-North Expansion and Concourse Renovation — The \$32 million project will renovate the concourse walls and lighting and include an addition to the north end of the facility. The initial phase of the project is slated for completion in late 2017.

The university's estimated future capital commitments, based on contracts and purchase orders, total approximately \$189 million at June 30, 2016.

**Accounts payable and accrued expenses** were up \$22 million, to \$469 million at June 30, 2016, reflecting increases in payables to vendors for supplies and services. **Deposits and advance payments for goods and services** decreased \$45 million, to \$216 million. This decrease is primarily due to a shift in the academic calendar for summer term, which reduced unearned tuition revenues at June 30.

University debt, in the form of **bonds, notes and capital lease obligations**, increased \$531 million, to \$3.37 billion at June 30, 2016. On March 4, 2016, the university closed on \$600 million in taxable Fixed Rate General Receipts Bonds, Series 2016 A and \$31 million in tax-exempt Fixed Rate General Receipts Bonds, Series 2016 B. The 2016 A bonds will pay interest semiannually with final maturities on December 1, 2046 and 2056. The interest rates on the two term bonds are 3.80% and 4.05%. The proceeds of the 2016 A bonds will be

## Management's Discussion & Analysis (Unaudited) - continued

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used for the continuation of an ongoing program of improvements to the capital plant of the university. The Series 2016 B bonds will have semiannual interest payments and annual principal payments until final maturity on June 1, 2030 with interest rates ranging from 3% to 5%. The proceeds of the 2016 B bonds refunded the Series 2005 A bonds.

The university's plant debt includes variable rate demand bonds that mature at various dates through 2044. GASB Interpretation 1, *Demand Bonds Issued by State and Local Governmental Entities*, provides guidance on the statement of net position classification of these bonds. Under GASB Interpretation 1, outstanding principal balances on variable rate demand bonds may be classified as noncurrent liabilities if the issuer has entered into a "take-out agreement" to convert bonds "put" but not resold into some other form of long-term obligation. In the absence of such an agreement, the total outstanding principal balances for these bonds are required to be classified as current liabilities.

Although it is the university's intent to repay its variable rate demand bonds in accordance with the maturities set forth in the bond offering circulars, the university does not have "take-out agreements" in place per the GASB Interpretation 1 requirements. Accordingly, the university has classified the total outstanding principal balances on its variable rate demand bonds as current liabilities. These obligations totaled \$596 million at June 30, 2016 and 2015.

GASB Statement No. 68 requires governmental employers participating in defined-benefit pension plans to recognize liabilities for plans whose actuarial liabilities exceed the plan's net assets. These liabilities are referred to as net pension liabilities. The university participates in two multi-employer cost-sharing retirement systems, OPERS and STRS-Ohio. Under GASB 68, the university is required to record a liability for its proportionate share of the net pension liabilities of the retirement systems. The university's share of these **net pension liabilities** increased \$664 million, to \$2.79 billion at June 30, 2016. Total net pension liabilities increased at both STRS-Ohio and OPERS, reflecting increases in actuarial liabilities and reductions in fiduciary net position. Deferred outflows associated with pension liabilities increased \$457 million and deferred inflows decreased \$96 million, primarily due to deferrals for lower-than-projected investment returns. Total pension expense recognized by the university increased \$157 million, to \$410 million in 2016. Total pension expense includes \$299 million of employer contributions and \$111 million in GASB 68 accruals.

It should be noted that, in Ohio, employer contributions to the state's cost-sharing multi-employer retirement systems are established by statute. These contributions, which are payable to the retirement systems one month in arrears, constitute the full legal claim on the university for pension funding. Although the liabilities recognized under GASB 68 meet the GASB's definition of a liability in its conceptual framework for accounting standards, they do not represent legal claims on the university's resources, and there are no cash flows associated with the recognition of net pension liabilities, deferrals and related expense.

Other (non-pension) **deferred inflows** consist primarily of the unamortized proceeds of the parking service concession arrangement. The parking deferred inflows, which totaled \$445 million at June 30, 2016, are being amortized to operating revenue on a straight-line basis



## Management's Discussion & Analysis (Unaudited) - continued

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over the 50-year life of the agreement. In addition, the deferred inflows include \$19 million of deferred gains on debt-related transactions.

**Prior-Year Highlights:** *In 2015*, the university implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The adoption of the new standard resulted in a \$2.16 billion reduction in the university's opening unrestricted net position. The net pension liability recognized by the university at June 30, 2015 was \$2.13 billion. Capital assets grew \$310 million, to \$4.80 billion, as the university completed several large projects and continued work on the North Residential District Transformation (NRDT). *In 2014*, the fair value of the university's long-term investment pool increased \$465 million, to \$3.61 billion, primarily due to \$577 million of net investment income. Capital assets increased \$357 million, to \$4.49 billion, reflecting capital expenditures for the Medical Center Expansion, the Chemical and Bio-molecular Engineering and Chemistry Building and infrastructure improvements.

## Management's Discussion & Analysis (Unaudited) - continued

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

Summary of Revenues, Expenses and Changes in Net Position <i>(in thousands)</i>			
	2016	2015	2014
Operating Revenues:			
Tuition and fees, net	\$ 884,805	\$ 850,289	\$ 815,743
Grants and contracts	630,858	657,238	626,992
Auxiliary enterprises sales and services, net	261,761	261,351	228,997
OSU Health System sales and services, net	2,625,075	2,357,824	2,120,891
Departmental sales and other operating revenues	173,882	181,532	207,502
Total operating revenues	4,576,381	4,308,234	4,000,125
Operating Expenses:			
Educational and general	2,359,243	2,238,015	2,280,135
Auxiliary enterprises	254,137	248,879	241,915
OSU Health System	2,251,030	1,970,124	1,839,645
Depreciation	351,901	335,881	260,367
Total operating expenses	5,216,311	4,792,899	4,622,062
Net operating loss	(639,930)	(484,665)	(621,937)
Non-operating revenues (expenses):			
State share of instruction and line-item appropriations	456,063	435,824	440,924
Gifts - current use	156,737	163,800	138,230
Net investment income (loss)	(10,513)	173,295	620,605
Grants, interest expense and other non-operating	(11,135)	25,699	4,533
Net non-operating revenue	591,152	798,618	1,204,292
Income (loss) before other changes in net position	(48,778)	313,953	582,355
State capital appropriations	36,381	40,868	54,808
Private capital gifts	10,422	1,688	5,486
Additions to permanent endowments	64,537	62,295	54,286
Total other changes in net position	111,340	104,851	114,580
Increase in net position	62,562	418,804	696,935
Net position - beginning of year	4,891,451	6,637,119	5,940,184
Cumulative effect of accounting change	-	(2,164,472)	-
Net position - end of year	\$ 4,954,013	\$ 4,891,451	\$ 6,637,119

Net **tuition and fees** increased \$35 million, to \$885 million in 2016, primarily due to a 4% increase in non-resident enrollments. Resident enrollments declined 1%. The university did not increase its undergraduate instructional and mandatory fees for fiscal 2016.

Operating **grant and contract revenues** decreased \$26 million, to \$631 million in 2016. Federal grant and contract revenues were down \$8 million, primarily due to declines in HRSA (hospital expansion) and Reading Recovery funding, which were partially offset by increases in funding for the National Longitudinal Survey. State grants and contract revenues were down \$18 million, reflecting decreases in Ohio Research Scholar capital grants and Ohio Department of Education projects. Total revenues for sponsored research programs administered by the Office of Sponsored Programs decreased \$13 million, to \$493 million.

**Educational and general expenses** increased \$121 million, or 5%, to \$2.36 billion in 2016. Additional details are provided below.

## Management's Discussion & Analysis (Unaudited) - continued

<b>Educational and General Expenses</b> <i>(in thousands)</i>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Instruction and departmental research	\$ 994,287	\$ 940,105	\$ 938,385
Separately budgeted research	444,077	434,624	437,497
Public service	160,281	131,358	131,389
Academic support	207,688	192,140	188,641
Student services	103,784	100,229	96,892
Institutional support	227,157	230,749	278,052
Operation and maintenance of plant	101,007	95,866	98,678
Scholarships and fellowships	120,962	112,944	110,601
Total	<u>\$ 2,359,243</u>	<u>\$ 2,238,015</u>	<u>\$ 2,280,135</u>

Approximately \$64 million of the overall increase in educational and general expense is related to GASB 68 pension accruals. These accruals are allocated to functional expense lines in the Statement of Revenues, Expenses and Other Changes in Net Position, based on pension-eligible salaries. Total educational and general salaries increased \$30 million, or 2.5%, reflecting budgeted salary increases for faculty and staff.

Total **auxiliary revenues** increased \$1 million, to \$262 million in 2016. Revenues were flat for Athletics, Student Life and other major auxiliary operations. **Auxiliary expenses** were up \$5 million, to \$254 million, reflecting increases in salary and benefit expenses.

**Health System** operating revenues grew \$267 million, to \$2.63 billion in 2016. Operating expenses (excluding depreciation, interest and transfers) increased \$281 million, to \$2.25 billion. An in-depth look at the Health System, as presented in their stand-alone financial statements, is provided below.

The Health System operates nearly 1,300 inpatient beds and serves as a major tertiary and quaternary referral center for Ohio and the Midwest. The Wexner Medical Center delivers superior patient care, quality outcomes, and patient safety and has been recognized by US News and World Report for 24 consecutive years as one of "America's Best Hospitals" and has eight nationally ranked specialties and is one of only a handful of hospitals in the country ranked in multiple specialties. The Medical Center is ranked in the top three percent of U.S. hospitals, the number two hospital in Ohio, and the best hospital in central Ohio demonstrating its commitment to serving the healthcare needs of the region. The Wexner Medical Center is the only medical center in Ohio to receive the Bernard A Birnbaum, MD, Quality Leadership Award from Vizient. This is the third consecutive year to receive this award given to academic medical centers that have demonstrated excellence in delivering high-quality care, as measured by the Vizient Quality and Accountability Study. The Health System works with a strong physician group that provides exceptional patient care. Seventy five percent of the central Ohio honorees listed on "Best Doctors in America" list were Ohio State faculty.

The largest development project in the history of The Ohio State University was completed in fiscal 2015. Included in the project was the construction of the new Arthur G. James Cancer Hospital and Richard J. Solove Research Institute ("The James"). The new tower is a

## Management's Discussion & Analysis (Unaudited) - continued

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transformational facility that fosters the collaboration and integration of cancer research and clinical cancer care. The James is the largest cancer hospital in the Midwest and the third largest in the nation. The new 21-level tower opened in December 2014. The James experienced solid volume growth in the past year as 2016 represented the first full fiscal year after the opening of the new tower. Additionally, the project included an expansion of the emergency department which has increased the number of treatment spaces from 72 to 115. The expansion of the emergency department has contributed to the growth in Health System volume.

In 2016, the Health System continued with the Medical Center mission of "improving people's lives through innovation in research, education and patient care" and remained financially sound due to solid activity levels and strong expense management. Inpatient admissions increased 2.0% compared with prior year. Outpatient visits increased 3.6% and total observation patients increased 19.4% over the previous year. Outpatient visits experienced significant growth at the James Cancer Hospital specific to surgical, radiation oncology, and chemotherapy. This growth in outpatient services is consistent with the industry trend of more care delivered in the outpatient setting. The Health System will continue its ambulatory expansion strategy and meeting the needs of the community with the Upper Arlington outpatient facility in Kingsdale and The Jameson Crane Sports Medicine Institute set to open in fiscal 2017.

The Health System continued to experience strong volumes in cancer, cardiac surgery, transplant, orthopedic surgery, neurology and neurosurgery, and hospital medicine which contributed to increases in admissions, revenues, and outpatient volumes. Contributing to the strong volumes, the Health System received approval from Centers for Medicare and Medicaid Services (CMS) to perform lung transplants in fiscal 2016 which has enhanced an already strong transplant program.

Total operating revenues grew \$259.9 million, or 11.0% from the prior year. The increases in operating revenues are a result of the additional volumes related to Medical Center Expansion and the new James Cancer Hospital being open for the entire fiscal year and strong revenues related to the Retail Pharmacy. Total operating revenues grew \$237.6 million, or 11.2% from 2014 to 2015. The increases from 2014 to 2015 is a result of increased volume related to the opening of the new James Cancer Hospital, an increase in the insured population and reduced self-pay, and Medicaid expansion.

Approximately 94% of total operating revenues are from patient care activities. Other operating revenue is composed of items such as reference labs, cafeteria operations, rental agreements and other sources. To ensure appropriate access and education for outpatients, the Health System opened the Retail Pharmacy due to the increasing complexity and significantly growing number of specialty oral and self-administered pharmaceuticals available for cancer and non-cancer patients. The Retail Pharmacy contributed \$70.3 million of operating revenues in 2016 and \$32.7 million in 2015. To standardize care across the Neonatal Intensive Care Units in central Ohio, the Health System shares other revenue from Nationwide Children's Hospital management of the unit. The Neonatal Intensive Care Units contributed \$18.8 million of operating revenues in 2016 and \$14.7 million in 2015.

## Management's Discussion & Analysis (Unaudited) - continued

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Operating expenses increased \$322.0 million, or 16.0% from 2015 to 2016. The increase in salaries and benefits from 2015 to 2016 is reflective of increased salaries and a larger workforce due to the additional volumes related to the new James Cancer Hospital. Increased chemotherapy sessions and strong Retail Pharmacy volumes contributed to the increase in supplies and drugs. The increase in depreciation expense from 2014 to 2016 is primarily due to the first full fiscal year of MCE. The increase in pension expense is related to the decrease in actual returns compared to projected returns of the OPERS pension plans as well as an overall increase in the Health System's proportionate shares of OPERS and STRS liabilities.

The Health System incurred a total of \$41.6 million in interest cost in 2016, with the majority paid (or payable) to the University to service debt incurred on behalf of the Health System. The Health System incurred a total of \$42.9 million interest cost in both 2015 and 2014, respectively, with the majority paid to the University to service debt incurred on behalf of the Health System. Of these amounts, \$28.9 million and \$9.4 million were recognized as period expense in each respective year. The remaining interest costs were capitalized.

The Health System's Income before changes in Net Position for fiscal year 2016 totaled \$248.6 million compared to \$330.1 million in 2015 and \$229.1 million in 2014. The decrease in Income before other changes in Net Position from 2015 to 2016 is due to \$63.0 million of pension expense related to GASB 68. Income before other changes in Net Position for clinical activities was \$312.3 million in 2016 versus \$319.8 million in 2015 reflecting strong activities, a strong patient mix and maintaining expenses in line with activities throughout the Health System.

The Health System's other changes in net position for fiscal year 2016 includes Medical Center Investments of \$125.3 million reinvested back into research, education, and programs at the Medical Center. This compares to Medical Center Investments of \$136.9 million in 2015 and \$120.5 million in 2014. Additionally, other changes in net position for fiscal year 2016 includes recognition of the final \$2.0 million related to HRSA under capital contributions in support of MCE. This compares to \$20.9 million in 2015 and \$23.3 million in 2014 in recognition of HRSA in support of MCE.

Revenues and operating expenses of **OSU Physicians, Inc.** (OSUP), the University's central practice group for physician faculty members of the College of Medicine and Public Health, continued to grow in 2016. Total consolidated operating revenues increased \$81 million, to \$487 million, reflecting increases in patient volumes and growth in other operating revenues. Total consolidated OSUP expenses (excluding depreciation and interest) increased \$58 million to \$441 million in 2016. These figures are included in the Discretely Presented Component Units columns of the university's financial statements.

Total state operating support increased \$20 million, to \$456 million, in 2016. **State share of instruction** increased \$12 million, to \$362 million. **State line-item appropriations** were up \$8 million.

Total **gifts** to the university increased \$4 million, to \$232 million in 2016. Increases in capital and endowment gifts were partially offset by a \$7 million decrease in current use gifts.

## Management's Discussion & Analysis (Unaudited) - continued

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During 2016, over 245,000 alumni and friends made gifts to the university, up from 237,000 in 2015.

University investments yielded an \$11 million **net investment loss** in 2016. The net investment loss figure includes \$94 million of interest and dividend income and an \$105 million net decrease in the fair value of university investments.

High volatility in the equity markets continued this year driven by central bank activity, concerns on world growth, oil and gas prices and Brexit. Virtually all endowments experienced negative returns for the year. The investment return for the Long-Term Investment Pool (LTIP) was negative 3.4% for 2016. Real estate was the highest performer for the year with natural resources (oil and gas) being the largest detractor on investment returns.

Currently, the US equity markets are reaching new highs and the US Treasury markets are at historic low yields. The LTIP is a diversified pool of assets that is structured to navigate the uncertainty of today's financial markets.

**Prior-Year Highlights:** *In 2015*, the implementation of GASB 68 reduced beginning net position by \$2.16 billion. Excluding the effect of the GASB 68 accounting change, total net position for the primary institution increased \$419 million, reflecting revenue growth and increases in operating margins for the OSU Health System and \$173 million of net investment income. Other university operating revenues and expenses were relatively flat compared with 2014. *In 2014*, total net position for the primary institution increased \$697 million, to \$6.64 billion. Net investment income accounted for \$621 million of the increase. Consolidated Health System operating revenues grew \$102 million, to \$2.12 billion in 2014, driven primarily by growth in outpatient revenues and a strong patient mix. Other sources of university operating revenues were flat or showed modest increases compared with 2013.

## Management's Discussion & Analysis (Unaudited) - continued

### Statement of Cash Flows

University Cash Flows Summary <i>(in thousands)</i>			
	2016	2015	2014
Net cash flows provided by (used in) operating activities	\$ (174,888)	\$ (113,426)	\$ (355,648)
Net cash flows from noncapital financing activities	752,926	715,137	696,421
Capital appropriations and gifts for capital projects	46,511	53,092	70,877
Proceeds from capital debt	618,242	300,820	-
Payments for purchase or construction of capital assets	(428,966)	(610,776)	(566,746)
Principal and interest payments on capital debt and leases, net of federal Build America Bond interest subsidies	(190,501)	(146,095)	(146,514)
Net cash flows provided by (used in) investing activities	(301,532)	(14,974)	70,687
Net increase (decrease) in cash	<u>\$ 321,792</u>	<u>\$ 183,778</u>	<u>\$ (230,923)</u>

University cash and cash equivalents increased \$322 million in 2016. Net cash flows from operating and non-capital financing activities were relatively stable, decreasing \$24 million to \$578 million. Total cash provided by capital financing activities was \$45 million, with proceeds from the 2016 bond issues offsetting capital expenditures and payments for debt service. Total cash used by investing activities was \$302 million, reflecting net purchases of temporary investments.

### Economic Factors That Will Affect the Future

The university has made continued progress in executing its strategic plan to become the world's preeminent public comprehensive university. The university's strategic plan focuses on four core goals:

- **Teaching and Learning:** to provide an unsurpassed, student-centered learning experience led by engaged, world-class faculty and enhanced by a globally diverse student body.
- **Research and Innovation:** to create distinctive and internationally recognized contributions to the advancement of fundamental knowledge and scholarship, and solutions for the world's most pressing problems.
- **Outreach and Engagement:** to establish mutually beneficial partnerships with the citizens and institutions of Ohio, the nation, and the world, so that our communities are actively engaged in the exciting work of The Ohio State University.
- **Resource Stewardship:** to become the model for an affordable public university recognized for financial sustainability, unsurpassed management of human and physical resources, and operational efficiency and effectiveness.

## Management's Discussion & Analysis (Unaudited) - continued

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In his March 2015 investiture address, the university's 15th president, Michael V. Drake, MD, set forth his 2020 Vision for the university. The 2020 Vision is focused on three key areas that underpin Ohio State's overarching academic mission:

- **Access, affordability and excellence** – the university must work to reduce student debt and provide access to an excellent and affordable education.
- **Community engagement** – the university must re-commit to its motto of Education for Citizenship, engaging with community partners to extend its scholarship with the full force and precision of one of the most powerful institutions in the world.
- **Diversity and inclusion** – the university must exemplify what it means to be an inclusive university in the 21st century, a place where diversity is a defining characteristic and source of strength.

The university is focused on innovative funding strategies in light of our focus on student affordability and our expectation that traditional government revenue sources will not grow significantly. Both revenue enhancement and expense streamlining are needed to ensure that resources are in place to fund both current needs and our strategic initiatives. The 2020 Vision goal of generating \$400 million over five years includes \$200 million of administrative efficiencies and \$200 million in new revenue from sources other than tuition or taxpayers.

The major themes for the university's 2017 budget are affordability, access and quality as well as safety and security issues for students and systems. The university has frozen in-state undergraduate tuition and mandatory fees since 2012-13, allowing two classes to graduate without ever experiencing an increase. At the same time, the university will expand the President's Affordability Grants, which supply need-based financial aid for low- and middle-income Ohio undergraduates, to provide \$20 million in aid for students in 2017. This grant program was established as part of the 2020 Vision plan to increase need-based student aid by \$100 million over five years. In addition, the university continues to add new faculty members in disciplines that support the Discovery Themes (Health and Wellness, Energy and the Environment, and Food Production and Security).

Based on what is now known regarding the university's financial outlook, university management anticipates that Ohio State will maintain its sound financial position in Fiscal Year 2017. However, the university does face certain financial challenges, including limited growth in tuition revenues and the impacts of a new funding model on state support. and continued pressure on government expenditures for research. The final state budget as passed contained a freeze on in-state undergraduate instructional fees for all institutions, along with a corresponding increase in the State Share of Instruction (SSI). The SSI pool was increased 4.7% in fiscal 2016 and another 4.0% in fiscal 2017. The new SSI funding model emphasizes degree completion, rewards retention of the best and brightest students in Ohio after graduation and recognizes the additional financial requirements for assisting at-risk students to degree attainment. The university continues to assess the impacts of the funding model change within the context of growth in distance education and other non-traditional programs across the state.



## Management's Discussion & Analysis (Unaudited) - continued

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Despite the challenges and uncertainties outlined above, the university remains committed to executing its long-range strategic plan. By doing so, we believe that The Ohio State University will continue its progress towards becoming the world's preeminent comprehensive public university.

### Cautionary Note Regarding Forward-Looking Statements

Certain information provided by the University, including written as outlined above or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, which address activities, events or developments that the University expects or anticipates will or may occur in the future contain forward-looking information.

In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The University does not undertake to update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.

**THE OHIO STATE UNIVERSITY**  
**STATEMENTS OF NET POSITION**  
June 30, 2016 and June 30, 2015  
(in thousands)

	<b>Primary Institution</b>		<b>Discretely Presented Component Units</b>		<b>Total University</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>ASSETS AND DEFERRED OUTFLOWS:</b>						
Current Assets:						
Cash and cash equivalents	\$ 463,075	\$ 568,565	\$ 87,001	\$ 76,701	\$ 550,076	\$ 645,266
Temporary investments	1,508,854	1,213,486	7,050	6,891	1,515,904	1,220,377
Accounts receivable, net	512,631	484,798	52,715	49,242	565,346	534,040
Notes receivable - current portion, net	22,798	23,223	2,780	-	25,578	23,223
Pledges receivable - current portion, net	35,322	29,805	-	-	35,322	29,805
Accrued interest receivable	19,295	20,346	-	-	19,295	20,346
Inventories and prepaid expenses	111,388	82,934	3,784	5,636	92,316	88,570
Investments held under securities lending program	27,589	37,806	-	-	27,589	37,806
Amounts due from (to) primary institution	(19,151)	(14,510)	19,151	14,510	-	-
Total Current Assets	<u>2,681,801</u>	<u>2,446,453</u>	<u>172,481</u>	<u>152,980</u>	<u>2,831,426</u>	<u>2,599,433</u>
Noncurrent Assets:						
Restricted cash	802,707	375,425	-	-	802,707	375,425
Notes receivable, net	41,083	45,634	443	1,417	41,526	47,051
Pledges receivable, net	65,546	72,623	-	-	65,546	72,623
Long-term investment pool	3,616,562	3,659,387	-	-	3,616,562	3,659,387
Other long-term investments	132,971	93,367	4,766	736	137,737	94,103
Capital assets, net	<u>4,852,433</u>	<u>4,803,242</u>	<u>117,965</u>	<u>79,911</u>	<u>4,970,398</u>	<u>4,883,153</u>
Total Noncurrent Assets	<u>9,511,302</u>	<u>9,049,678</u>	<u>123,174</u>	<u>82,064</u>	<u>9,634,476</u>	<u>9,131,742</u>
<b>Total Assets</b>	<b>12,193,103</b>	<b>11,496,131</b>	<b>295,655</b>	<b>235,044</b>	<b>12,465,902</b>	<b>11,731,175</b>
Deferred Outflows:						
Pension	675,709	218,985	124	40	675,833	219,025
Other deferred outflows	22,416	8,098	-	-	22,416	8,098
<b>Total Deferred Outflows</b>	<b>698,125</b>	<b>227,083</b>	<b>124</b>	<b>40</b>	<b>698,249</b>	<b>227,123</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$ 12,891,228</b>	<b>\$ 11,723,214</b>	<b>\$ 295,779</b>	<b>\$ 235,084</b>	<b>\$ 13,164,151</b>	<b>\$ 11,958,298</b>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION:</b>						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 469,216	\$ 447,364	\$ 23,116	\$ 19,514	\$ 492,332	\$ 466,878
Deposits and advance payments for goods and services	216,372	261,537	23,327	942	216,843	262,479
Current portion of bonds, notes and leases payable	61,983	59,484	811	816	62,794	60,300
Long-term bonds payable, subject to remarketing	596,435	596,435	-	-	596,435	596,435
Liability under securities lending program	27,589	37,806	-	-	27,589	37,806
Other current liabilities	91,977	68,942	1,980	-	93,957	68,942
Amounts due to (from) primary institution - current	(24,683)	(29,960)	24,683	29,960	-	-
Total Current Liabilities	<u>1,438,889</u>	<u>1,441,608</u>	<u>73,917</u>	<u>51,232</u>	<u>1,489,950</u>	<u>1,492,840</u>
Noncurrent Liabilities:						
Bonds, notes and leases payable	2,714,842	2,186,090	14,735	15,553	2,729,577	2,201,643
Net pension liability	2,794,626	2,130,432	366	296	2,794,992	2,130,728
Compensated absences	159,874	151,884	-	-	159,874	151,884
Self-insurance accruals	94,616	107,874	-	-	94,616	107,874
Amounts due to third-party payors - Health System	42,745	44,168	-	-	42,745	44,168
Obligations under annuity and life income agreements	29,276	26,504	-	-	29,276	26,504
Refundable advances for Federal Perkins loans	32,110	32,228	-	-	32,110	32,228
Other noncurrent liabilities	113,057	84,140	405	724	113,462	84,864
Amounts due to (from) primary institution - noncurrent	(69,970)	(66,416)	69,970	66,416	-	-
Total Noncurrent Liabilities	<u>5,911,176</u>	<u>4,696,904</u>	<u>85,476</u>	<u>82,989</u>	<u>5,996,652</u>	<u>4,779,893</u>
<b>Total Liabilities</b>	<b>7,350,065</b>	<b>6,138,512</b>	<b>159,393</b>	<b>134,221</b>	<b>7,486,602</b>	<b>6,272,733</b>
Deferred Inflows:						
Parking service concession arrangement	445,439	455,070	-	-	445,439	455,070
Pension	122,369	218,635	7	5	122,376	218,640
Other deferred inflows	19,342	19,546	-	-	19,342	19,546
<b>Total Deferred Inflows</b>	<b>587,150</b>	<b>693,251</b>	<b>7</b>	<b>5</b>	<b>587,157</b>	<b>693,256</b>
Net Position:						
Net investment in capital assets	2,282,647	2,340,342	100,068	56,460	2,382,715	2,396,802
Restricted:						
Nonexpendable	1,370,064	1,355,560	-	-	1,370,064	1,355,560
Expendable	908,953	993,000	-	-	908,953	993,000
Unrestricted	<u>392,349</u>	<u>202,549</u>	<u>36,311</u>	<u>44,398</u>	<u>428,660</u>	<u>246,947</u>
<b>Total Net Position</b>	<b>4,954,013</b>	<b>4,891,451</b>	<b>136,379</b>	<b>100,858</b>	<b>5,090,392</b>	<b>4,992,309</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 12,891,228</b>	<b>\$ 11,723,214</b>	<b>\$ 295,779</b>	<b>\$ 235,084</b>	<b>\$ 13,164,151</b>	<b>\$ 11,958,298</b>

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

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

Years ended June 30, 2016 and June 30, 2015  
(in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2016	2015	2016	2015	2016	2015
Operating Revenues:						
Student tuition and fees (net of scholarship allowances of \$180,828 and \$171,707, respectively)	\$ 884,805	\$ 850,289	\$ -	\$ -	\$ 884,805	\$ 850,289
Federal grants and contracts	313,906	322,266	11,963	8,636	325,869	330,902
State grants and contracts	70,499	88,052	-	-	70,499	88,052
Local grants and contracts	18,701	15,494	-	-	18,701	15,494
Private grants and contracts	227,752	231,426	40,988	40,180	268,740	256,761
Sales and services of educational departments	138,502	137,629	8,757	8,693	147,259	146,322
Sales and services of auxiliary enterprises (net of scholarship allowances of \$25,133 and \$24,538, respectively)	261,761	261,351	-	-	261,761	261,351
Sales and services of the OSU Health System, net	2,625,075	2,357,824	-	-	2,625,075	2,357,824
Sales and services of OSU Physicians, Inc., net	-	-	487,429	405,619	487,429	405,619
Other operating revenues	35,380	43,903	-	-	35,380	43,903
Total Operating Revenues	4,576,381	4,308,234	549,137	463,128	5,125,518	4,756,517
Operating Expenses:						
Educational and General:						
Instruction and departmental research	994,287	940,105	5,452	5,445	999,739	945,550
Separately budgeted research	444,077	434,624	26,479	20,642	470,556	455,266
Public service	160,281	131,358	9,815	7,917	170,096	134,882
Academic support	207,688	192,140	-	-	207,688	192,140
Student services	103,784	100,229	-	-	103,784	100,229
Institutional support	227,157	230,749	10,118	7,185	237,275	237,934
Operation and maintenance of plant	101,007	95,866	7,454	7,017	108,461	102,883
Scholarships and fellowships	120,962	112,944	-	-	120,962	112,944
Auxiliary enterprises	254,137	248,879	-	-	254,137	248,879
OSU Health System	2,251,030	1,970,124	-	-	2,242,256	1,970,124
OSU Physicians, Inc.	-	-	441,333	383,503	441,333	373,658
Depreciation	351,901	335,881	6,425	6,315	358,326	342,196
Total Operating Expenses	5,216,311	4,792,899	507,076	438,024	5,714,613	5,216,685
Net Operating Income (Loss)	(639,930)	(484,665)	42,061	25,104	(589,095)	(460,168)
Non-operating Revenues (Expenses):						
State share of instruction and line-item appropriations	456,063	435,824	-	-	456,063	435,824
Federal subsidies for Build America Bonds interest	10,523	10,498	-	-	10,523	10,498
Federal non-exchange grants	55,694	57,393	-	-	55,694	57,393
State non-exchange grants	9,643	7,797	-	-	9,643	7,797
Gifts	156,737	163,800	-	-	156,737	163,800
Net investment income (loss)	(10,513)	173,295	(169)	183	(10,376)	173,478
Interest expense on plant debt	(93,885)	(69,758)	(1,610)	(477)	(95,495)	(70,235)
Other non-operating revenues (expenses)	6,890	19,769	(8,550)	(12,899)	(6,951)	7,477
Net Non-operating Revenue	591,152	798,618	(10,329)	(13,193)	575,838	786,032
Income before Other Changes in Net Position	(48,778)	313,953	31,732	11,911	(13,257)	325,864
Other Changes in Net Position						
State capital appropriations	36,381	40,868	-	-	36,381	40,868
Private capital gifts	10,422	1,688	-	-	10,422	1,688
Additions to permanent endowments	64,537	62,295	-	-	64,537	60,792
Capital contributions and other changes in net position	-	-	3,789	(1,503)	-	-
Total Other Changes in Net Position	111,340	104,851	3,789	(1,503)	111,340	103,348
Increase in Net Position	62,562	418,804	35,521	10,408	98,083	429,212
Net Position - Beginning of Year						
Beginning of year, as previously reported	4,891,451	6,637,119	100,858	90,712	4,992,309	6,727,831
Cumulative effect of accounting change	-	(2,164,472)	-	(262)	-	(2,164,734)
Beginning of Year, as restated	4,891,451	4,472,647	100,858	90,450	4,992,309	4,563,097
Net Position - End of Year	\$ 4,954,013	\$ 4,891,451	\$ 136,379	\$ 100,858	\$ 5,090,392	\$ 4,992,309

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

**THE OHIO STATE UNIVERSITY**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2016 and June 30, 2015**  
(in thousands)

	<b>Primary Institution</b>		<b>Discretely Presented Component Units</b>		<b>Total University</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Cash Flows from Operating Activities:</b>						
Tuition and fee receipts	\$ 795,196	\$ 755,893	\$ -	\$ -	\$ 795,196	\$ 755,893
Grant and contract receipts	632,073	669,744	73,351	49,777	705,424	704,676
Receipts for sales and services	2,975,167	2,707,980	487,945	414,736	3,463,112	3,122,716
Payments to or on behalf of employees	(2,214,578)	(2,073,659)	(306,613)	(266,384)	(2,521,191)	(2,340,043)
University employee benefit payments	(619,964)	(610,685)	(76,190)	(62,704)	(696,154)	(673,389)
Payments to vendors for supplies and services	(1,674,593)	(1,497,779)	(119,918)	(107,200)	(1,785,737)	(1,590,741)
Payments to students and fellows	(112,465)	(103,701)	-	-	(112,465)	(103,701)
Student loans issued	(7,074)	(8,035)	-	-	(7,074)	(8,035)
Student loans collected	10,406	11,924	-	-	10,406	11,924
Student loan interest and fees collected	2,407	3,197	-	-	2,407	3,197
Other receipts	38,537	31,695	-	-	38,537	31,695
Net cash provided (used) by operating activities	(174,888)	(113,426)	58,575	28,225	(107,539)	(85,808)
<b>Cash Flows from Noncapital Financing Activities:</b>						
State share of instruction and line-item appropriations	456,063	435,824	-	-	456,063	435,824
Non-exchange grant receipts	65,337	65,190	-	-	65,337	65,190
Gift receipts for current use	158,991	157,720	-	-	158,991	157,720
Additions to permanent endowments	64,537	62,295	-	-	64,537	60,792
Drawdowns of federal direct loan proceeds	321,661	350,550	-	-	321,661	350,550
Disbursements of federal direct loans to students	(321,146)	(349,197)	-	-	(321,146)	(349,197)
Repayment of loans from related organization	2,193	552	-	-	2,193	552
Amounts received for annuity and life income funds	5,913	1,874	-	-	5,913	1,874
Amounts paid to annuitants and life beneficiaries	(1,632)	(8,992)	-	-	(1,632)	(8,992)
Agency funds receipts	4,626	4,428	-	-	4,626	4,428
Agency funds disbursements	(4,412)	(3,662)	-	-	(4,412)	(3,662)
Other receipts (payments)	795	(1,445)	2,995	(665)	(4,984)	-
Net cash provided (used) by noncapital financing activities	752,926	715,137	2,995	(665)	747,147	715,079
<b>Cash Flows from Capital Financing Activities:</b>						
Proceeds from capital debt	618,242	300,820	-	-	618,242	300,820
State capital appropriations	36,783	43,421	-	-	36,783	43,421
Gift receipts for capital projects	9,728	9,671	-	-	9,728	9,671
Payments for purchase or construction of capital assets	(428,966)	(610,776)	(44,479)	(9,879)	(473,445)	(620,655)
Principal payments on capital debt and leases	(94,308)	(56,857)	(823)	(885)	(95,131)	(57,742)
Interest payments on capital debt and leases	(106,654)	(99,736)	(1,610)	(477)	(108,264)	(100,213)
Federal subsidies for Build America Bonds interest	10,461	10,498	-	-	10,461	10,498
Net cash provided (used) by capital financing activities	45,286	(402,959)	(46,912)	(11,241)	(1,626)	(414,200)
<b>Cash Flows from Investing Activities:</b>						
Net (purchases) sales of temporary investments	(294,511)	(133,795)	(159)	2,072	(294,670)	(131,723)
Proceeds from sales and maturities of long-term investments	1,578,221	817,204	-	-	1,578,221	817,204
Investment income	95,927	123,968	(169)	183	95,758	124,151
Purchases of long-term investments	(1,681,169)	(822,351)	(4,030)	276	(1,685,199)	(822,075)
Net cash provided (used) by investing activities	(301,532)	(14,974)	(4,358)	2,531	(305,890)	(12,443)
<b>Net Increase (Decrease) in Cash</b>	<b>321,792</b>	<b>183,778</b>	<b>10,300</b>	<b>18,850</b>	<b>332,092</b>	<b>202,628</b>
Cash and Cash Equivalents - Beginning of Year	943,990	760,212	76,701	57,851	1,020,691	818,063
Cash and Cash Equivalents - End of Period	\$ 1,265,782	\$ 943,990	\$ 87,001	\$ 76,701	\$ 1,352,783	\$ 1,020,691

THE OHIO STATE UNIVERSITY  
**STATEMENTS OF CASH FLOWS, Cont'd**  
**Years Ended June 30, 2016 and June 30, 2015**  
(in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2016	2015	2016	2015	2016	2015
<b>Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities:</b>						
Operating loss (income)	\$ (639,930)	\$ (484,665)	\$ 42,061	\$ 25,104	\$ (589,095)	\$ (460,168)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	351,901	335,881	6,425	6,315	358,326	342,196
Changes in assets and liabilities:						
Accounts receivable, net	(28,621)	(48,569)	(3,473)	(659)	(32,094)	(49,228)
Notes receivable, net	2,783	725	(1,806)	2,317	977	3,042
Accrued interest receivable	(77)	269	-	-	(77)	269
Inventories and prepaid expenses	(28,454)	31,852	1,852	(2,657)	(26,602)	29,195
Amounts due to/from primary institution	14,119	-	(14,119)	-	-	-
Deferred outflows	(456,724)	(68,057)	(84)	-	(456,808)	(68,057)
Accounts payable and accrued liabilities	49,653	53,469	3,603	(1,602)	53,256	51,867
Self-insurance accruals	(13,258)	(2,998)	-	-	(13,258)	(2,998)
Amounts due to third-party payors - Health System	(1,423)	24,389	-	-	(1,423)	24,389
Deposits and advanced payments	(26,218)	20,163	22,385	(273)	(3,833)	19,890
Compensated absences	7,990	1,842	-	-	7,990	1,842
Refundable advances for Federal Perkins loans	(118)	571	-	-	(118)	571
Net pension obligation	664,194	(184,971)	70	-	664,264	(184,971)
Deferred inflows	(105,897)	209,324	2	(320)	(105,895)	209,004
Other liabilities	35,192	(2,651)	1,659	-	36,851	(2,651)
Net cash provided (used) by operating activities	\$ (174,888)	\$ (113,426)	\$ 58,575	\$ 28,225	\$ (107,539)	\$ (85,808)
<b>Non Cash Transactions:</b>						
Construction in Process in Accounts Payable	\$ 30,355	\$ 65,988	-	-	\$ 30,355	\$ 65,988
Stock Gifts	20,746	17,915	-	-	20,746	17,915

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

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

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

#### Organization

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

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

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

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

#### Basis of Presentation

The accompanying financial statements present the accounts of the following entities, which constitute the primary government for financial reporting purposes:

- The Ohio State University and its hospitals and clinics
- Ohio Agricultural Research and Development Center
- The Ohio Technology Consortium (OH-TECH)

In addition, these financial statements include component units -- legally separate organizations for which the university is financially accountable. Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61, *The Financial Reporting Entity: Omnibus*, defines financial accountability. The criteria for determining financial accountability include the following circumstances:

- Appointment of a voting majority of an organization’s governing authority and the ability of the primary government (i.e. the university) to either impose its will

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

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on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or;

- An organization is fiscally dependent on the primary government and provides specific financial benefits to, or imposes specific financial burdens on, the primary government.

The university's component units and the reasons for their inclusion in the university's financial statements are described below:

- **The Ohio State University Foundation** – The fiscal dependency criteria apply to this not-for-profit fundraising organization, which operates exclusively for the benefit of The Ohio State University.
- **OSU Health Plan, Inc.** – The university appoints a voting majority of the board for this organization, which provides medical benefit plan administration services to the university and its faculty and staff.
- **Oval Limited** – The university holds all of the voting stock of this captive insurance entity, which was established by the university to provide medical malpractice coverage to physicians in the university's medical center.

The component units listed above provide services entirely, or almost entirely, to the university or otherwise exclusively, or almost exclusively, benefit the university. Therefore, the transactions and balances for these organizations have been blended with those of the university.

In addition to the blended component units described above, the university's financial statements include the following discretely presented component units:

- **The Ohio State University Physicians, Inc.** – The university appoints a voting majority of the board of the medical practice group for physician faculty members in the Colleges of Medicine and Public Health.
- **Campus Partners for Community Urban Redevelopment, Inc.** – The university appoints a voting majority of the board for this non-profit organization, which participates in the redevelopment of neighborhoods adjacent to the Columbus campus.
- **Transportation Research Center of Ohio, Inc.** – The university appoints a voting majority of the board for this automotive research and testing facility in East Liberty, Ohio.
- **Dental Faculty Practice Association, Inc.** – The university appoints a voting majority of the board for the dental practice group for faculty in the College of Dentistry.

Summary financial statement information for the university's blended and discretely presented component units is provided in Notes 19 and 20. Audited financial statements for component units considered to be material to the university may be obtained from the Office

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

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of the Controller. A total university column in the financial statements is provided as memorandum only for purposes of additional analysis by users. The total university column reflects eliminations of transactions between the primary institution and the discretely component units. These transactions consist primarily of (a) discretionary subsidies and contributions which are presented as either non-operating activities or capital additions at the component unit level and (b) exchanged-based good and services that support the operations of the entity, which are presented as operating revenues and expenses at the component unit level. The net impact of these transactions on the statement of revenues, expenses and other changes in net position was \$3,709 and \$8,417 for the years ended June 30, 2016 and 2015, respectively.

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

### Basis of Accounting

The financial statements of the university have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB. The university is reporting as a special purpose government engaged in business type activities (BTA) on the accrual basis. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods and services. In accordance with BTA reporting, the university presents Management's Discussion and Analysis; Statements of Net Position; Statements of Revenues, Expenses and Other Changes in Net Position; Statements of Cash Flows; and Notes to the Financial Statements. In the Financial Statements, separate columns are presented for the *primary institution* (which includes the primary government and the blended component units), *discretely presented component units* and the *total university*. The Notes to the Financial Statements include separate disclosures for the primary institution and the discretely presented component units, where relevant and material. Unless otherwise specified, the amounts presented in MD&A are those of the primary institution.

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

- **Net investment in capital assets:** Capital assets, net of accumulated depreciation, cash restricted for capital projects and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted - nonexpendable:** Amounts subject to externally-imposed stipulations that they be maintained in perpetuity and invested for the purpose of generating present and future income, which may either be expended or added to the principal by the university. These assets primarily consist of the university's permanent endowments.



## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

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- **Restricted - expendable:** Amounts whose use is subject to externally-imposed stipulations that can be fulfilled by actions of the university pursuant to those stipulations or that expire by the passage of time.
- **Unrestricted:** Amounts which are not subject to externally-imposed stipulations. Substantially all unrestricted balances are internally designated for use by university departments to support working capital needs, to fund related academic or research programs, and to provide for unanticipated shortfalls in revenues and deviations in enrollment.

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

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

### Cash and Investments

Cash and cash equivalents consist primarily of petty cash, demand deposit accounts, money market accounts, savings accounts and investments with original maturities of ninety days or less at the time of purchase. Such investments consist primarily of U.S. Government obligations, U.S. Agency obligations, repurchase agreements and money market funds. Restricted cash consists of bond proceeds restricted for capital expenditures. For purposes of the Statement of Cash Flows, "cash" is defined as the total of these two line items.

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*, as amended by GASB Statement No. 72, *Fair Value Measurement and Application*. The average cost method is used for purposes of determining gains and losses on the sale of investments. The specific identification method is used for purposes of determining gains and losses on the sale of gifted securities.

The university holds investments in limited partnerships, private equity and other investments, which are carried at estimated fair value provided by the management of these limited partnerships. The purpose of this alternative investment class is to increase portfolio diversification and reduce risk due to the low correlation with other asset classes. Investments in these limited partnerships are fair valued based on the university's proportional share of the net asset value of the total fund. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed, and such differences could be material. As of June 30, 2016, the university has made commitments to limited partnerships totaling \$751,733 that have not yet been funded. These commitments may extend for a maximum of ten years.

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

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

### Endowment Policy

All endowments are invested in the university's Long Term Investment Pool, which consists of more than 5,275 Board authorized funds and 330 pending funds. Each named fund is assigned a number of shares in the Long Term Investment Pool based on the value of the gifts, income-to-principal transfers, or transfers of operating funds to that named fund. For donor restricted endowments, the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted in Ohio, permits the university's Board of Trustees to appropriate an amount of realized and unrealized endowment appreciation as the Board deems prudent. The UPMIFA, as adopted in Ohio, establishes a 5% safe harbor of prudence for funds appropriated for expenditure. Net realized and unrealized appreciation, after the spending rule distributions, is retained in the Long Term Investment Pool, and the associated net position is classified as restricted-expendable, unless otherwise restricted by the donor.

Annual distributions to named funds in the Long Term Investment Pool are computed using the share method of accounting for pooled investments. The annual distribution per share is 4.25% of the average fair value per share of the Long Term Investment Pool over the most recent seven year period. In 2016, the Board of Trustees approved an increase in the distribution rate to 4.5%, effective fiscal year 2017.

At June 30, 2016, the fair value of the university's gifted endowments is \$1,740,505, which is \$183,572 above the historical dollar value of \$1,556,933. Although the fair value of the gifted endowments in total exceeds the historical cost at June 30, 2016, there are 2,729 named funds that remain underwater. The fair value of these underwater funds at June 30, 2016 is \$822,501, which is \$99,527 below the historical dollar value of \$922,028.

At June 30, 2015, the fair value of the university's gifted endowments was \$1,805,143, which was \$318,259 above the historical dollar value of \$1,486,884. Although the fair value of the gifted endowments in total exceeded the historical cost at June 30, 2015, there were 1,466 named funds that were underwater. The fair value of these underwater funds at June 30, 2015 was \$499,341, which was \$48,910 below the historical dollar value of \$548,251.

The depreciation on non-expendable endowment funds is recorded as a reduction to restricted non-expendable net position. Recovery on these funds is recorded as an increase in restricted non-expendable up to the historical value of each fund. Per UPMIFA (§ 1715.53(D)(C)), the reporting of such deficiencies does not create an obligation on the part of the endowment fund to restore the fair value of those funds.

### Gift Pledges Receivable

The university receives pledges and bequests of financial support from corporations, foundations and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of such promise, revenue is recognized when the gift is received. In accordance

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, endowment pledges are not recorded as assets until the related gift is received. An allowance for uncollectible pledges receivable is provided based on management's judgment of potential uncollectible amounts and includes such factors as prior collection history, type of gift and nature of fundraising.

### Inventories

The university's inventories, which consist principally of publications, general stores and other goods for resale by earnings operations, are valued at the lower of moving average cost or market. The inventories of the Health System, which consist principally of pharmaceuticals and operating supplies, are valued at cost on a first-in, first-out basis.

### Capital Assets and Collections

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

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

The university does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are neither disposed of for financial gain nor encumbered in any way. Accordingly, such collections are not recognized or capitalized for financial statement purposes.

### Advance Payments for Goods and Services

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

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

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### Derivative Instruments

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

### Operating and Non-Operating Revenues and Expenses

The university defines operating activities, for purposes of reporting on the Statement of Revenues, Expenses, and Other Changes in Net Position, as those activities that generally result from exchange transactions, such as payments received for providing services and payments made for goods or services received. With the exception of interest expense on long-term indebtedness, substantially all university expenses are considered to be operating expenses. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 35, including state appropriations, current-use gifts and net investment income.

### Tuition, Room and Board

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

### State Support

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

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

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

Such facilities are reflected as buildings or construction in progress in the accompanying statement of net position. Neither the obligations for the revenue bonds issued by OPFC nor

## **Notes to Financial Statements – Years Ended June 30, 2016 and 2015**

(dollars in thousands)

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the annual debt service charges for principal and interest on the bonds are reflected in the university's financial statements. Debt service is funded through appropriations to the Ohio Board of Regents by the General Assembly.

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

### **Government Grants and Contracts**

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

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

### **OSU Health System Revenue**

Net patient service revenue represents amounts received and the estimated realizable amounts due from patients and third-party payers for services rendered net of contractual allowances, charity care and bad debt expenses. Revenue received under third-party cost reimbursement agreements (primarily the federal Medicare and Medicaid programs) are subject to examination and retroactive adjustments by the agencies administering the programs. In the normal course of business, the Health System contests certain issues resulting from examination of prior years' reimbursement reports. The accompanying financial statements include provisions for estimated retroactive adjustments arising from such examinations and contested issues. The Health System recognizes settlements of protested adjustments or appeals upon resolution of the matters.

### **OSU Physicians Revenue**

Net patient service revenue represents amounts received and the estimated realizable amounts due from patients and third-party payers for services rendered net of contractual allowances, charity care, self-pay discounts and bad debt expenses. OSU Physicians (OSUP), a discretely presented component unit of the university, provides care to patients under various reimbursable agreements, including Medicare and Medicaid. These arrangements provide for payment for covered services at agreed-upon rates and under certain fee schedules and various discounts from charges. Provisions have been made in the financial statements for estimated contractual adjustments, representing the difference between the customary charges for services rendered and related reimbursement.

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

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### Charity Care and Community Benefit

Care is provided to patients regardless of their ability to pay. A patient is classified as charity care in accordance with policies established by the OSU Health System and OSUP. Because collection of amounts determined to qualify as charity care are not pursued, such amounts are written off as administrative adjustments and not reported as net patient service revenue. OSU Health System and OSUP maintain records to identify and monitor the level of charity care provided, including the amount of charges foregone for services rendered. Net charity care costs for the OSU Health System for the years ended June 30, 2016 and 2015 are \$36,020 and \$12,639, respectively, after applying an additional expense of \$12,380 and a reduction of \$12,993, respectively, for support received under the Health Care Assurance Program (HCAP). HCAP is administered by the State of Ohio to help hospitals cover a portion of the cost of providing charity care. The increase in net cost of charity care from 2015 to 2016 is related to the distribution of HCAP dollars received subject to the Omnibus Reconciliation Act (OBRA) cap. Charity care costs for OSUP for the years ended June 30, 2016 and 2015 are \$6,022 and \$6,743, respectively.

### Management Estimates

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

### Implementation of GASB Statement No. 68

In fiscal year 2015, the university implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71. GASB Statement No. 68 requires employers participating in cost-sharing multiple-employer pension plans to recognize a proportionate share of the net pension liabilities of the plans. The university participates in two cost-sharing multiple-employer pension plans – the State Teachers Retirement System of Ohio and the Public Employees Retirement System of Ohio. A proportionate share of the net pension liabilities of the retirement systems has been allocated to the university, based on retirement plan contributions for university employees. The cumulative effect of adopting GASB Statement No. 68 was a \$2,164,472 reduction in the university's net position as of July 1, 2014. Additional information regarding net pension liabilities, related deferrals and pension expense is provided in Note 15.

### Implementation of GASB Statement No. 72

In fiscal year 2016, the university implemented GASB Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 expands the guidance on valuation of university investments and requires new disclosures of fair value measurements grouped by level and allows Net Asset Value (NAV) to be used for valuation of certain investments. In addition, the new standard requires additional disclosures related to investments valued at

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

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NAV, including information on unfunded commitments and a general description of redemption terms and related restrictions. These disclosures are provided in Note 3.

### Newly Issued Accounting Pronouncements

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Statement No. 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements No. 67 and 68). The requirements in Statement No. 73 for reporting pensions generally are the same as in Statement No. 68. The provisions in Statement No. 73 are effective for fiscal years beginning after June 15, 2015 (FY2016)—except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for financial statements for fiscal years beginning after June 15, 2016 (FY2017).

In June 2015, the GASB issued Statements No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statements No. 74 and 75 establish new accounting and reporting standards for other postemployment benefits (OPEB), such as health insurance provided to retirees. Under the new standards, governments that participate in OPEB plans will be required to report in their statement of net position a net OPEB liability, which is the difference between the total OPEB liability and the assets set aside to pay OPEB. Statement No. 74, which applies to plans (such as OPERS and STRS-Ohio), is effective for periods beginning after June 15, 2016 (FY2017). Statement No. 75, which applies to plan participants (including the university), is effective for periods beginning after June 15, 2017 (FY2018).

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This standard amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The standard is effective for financial statements for fiscal years beginning after December 15, 2015 (FY2017).

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. These criteria were formerly based on SEC regulations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015 (FY2016), except for the provisions in paragraphs 18, 19, 23–26, and 40, which are

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

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effective for reporting periods beginning after December 15, 2015 (FY2017). The provisions effective in FY2016 had no impact on university investment reporting.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*. This standard expands the blending criteria in Statement No. 14 to require blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The standard is effective for financial statements for fiscal years beginning after June 15, 2016 (FY2017).

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This standard requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. It also requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. In general, revenue recognition related to these agreements will be delayed until a specified event occurs (such as the death of the lead beneficiary). The standard is effective for financial statements for fiscal years beginning after December 15, 2016 (FY2018).

In March 2016, the GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This standard addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The standard is effective for financial statements for fiscal years beginning after June 15, 2016 (FY2017).

University management has elected to early-implement Statement No. 82 in FY2016 and is currently assessing the impact that implementation of GASB Statements No. 73, 74, 75, 78, 79, 80 and 81 will have on the university's financial statements.

### Other

The university is exempt from income taxes as an instrumentality of the State of Ohio under Internal Revenue Code §115 and Internal Revenue Service regulations. Any unrelated business income is taxable.

### Revision

The financial statements for the year ended June 30, 2015 have been revised to correct for errors relating to a misclassification of certain transactions between the primary institution and aggregate discretely presented component units (primarily related to OSU Physicians) as presented in the statement of revenues, expenses and other changes in net position and the statement of cash flows. Previously reported net position and the change in net position for fiscal year 2015 were not impacted by the misclassification. These errors were not material to



## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

prior periods' financial statements. The effect on fiscal year 2015 financial statements is presented below:

(in thousands)	Primary Institution			Discretely Presented Component Units		
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised
<b>Statement of Revenues, Expenses and Other Changes in Net Position</b>						
<b>Operating Revenues:</b>						
Private Grants and Contracts	\$219,540	\$11,886	\$231,426	\$37,221	\$2,959	\$40,180
Total Operating Revenues	\$4,296,348	\$11,886	\$4,308,234	\$460,169	\$2,959	\$463,128
<b>Operating Expenses:</b>						
Public service	\$131,965	(\$607)	\$131,358	\$2,917	\$5,000	\$7,917
OSUP Physicians, Inc.				\$373,658	\$9,845	\$383,503
Total Operating Expenses	\$4,793,506	(\$607)	\$4,792,899	\$423,179	\$14,845	\$438,024
Net Operating Income	(\$497,158)	\$12,493	(\$484,665)	\$36,990	(\$11,886)	\$25,104
<b>Non-operating Revenues (Expenses):</b>						
Other Non-operating Revenues and Expenses	\$6,352	\$13,417	\$19,769	\$1,125	(\$14,024)	(\$12,899)
Net Non-operating Revenue	\$785,201	\$13,417	\$798,618	\$831	(\$14,024)	(\$13,193)
Income (Loss) before Other Changes in Net Position	\$288,043	\$25,910	\$313,953	\$37,821	(\$25,910)	\$11,911
<b>Other Changes in Net Position:</b>						
Additions to Permanent Endowments	\$60,792	\$1,503	\$62,295			
Capital Contributions and Other Changes				\$0	(\$1,503)	(\$1,503)
Transfers	\$27,413	(\$27,413)	\$0	(\$27,413)	\$27,413	\$0

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

(in thousands)	Primary Institution			Discretely Presented Component Units		
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised
<b>Statement of Cash Flows</b>						
<b><i>Cash Flows from Operating Activities:</i></b>						
Grant and Contract Receipts	\$657,858	\$11,886	\$669,744	\$46,818	\$2,959	\$49,777
Payments to vendors for supplies and services	(\$1,498,386)	\$607	(\$1,497,779)	(\$92,355)	(\$14,845)	(\$107,200)
Net cash in operating activities	(\$125,919)	\$12,493	(\$113,426)	\$40,111	(\$11,886)	\$28,225
<b><i>Cash Flows from Noncapital Financing Activities:</i></b>						
Additions to Permanent Endowments	\$60,792	\$1,503	\$62,295			
Other receipts	\$12,551	(\$13,996)	(\$1,445)	(\$12,551)	\$11,886	(\$665)
Net cash effect of noncapital financing activities	\$727,630	(\$12,493)	\$715,137	(\$12,551)	\$11,886	(\$665)

The above revision had no impact on the Total University column as presented within the financial statements for memorandum purposes only.

Note 20 to the financial statements presents combining information for discretely presented component units and the fiscal year 2015 condensed statement of revenues, expenses and changes in net position and condensed statement of cash flows were also impacted by the above revision, and adjusted amounts are reflected in that footnote.

### NOTE 2 — CASH AND CASH EQUIVALENTS

At June 30, 2016, the carrying amount of the primary institution's cash, cash equivalents and restricted cash is \$1,265,782 as compared to bank balances of \$1,324,013. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$53,280 is covered by federal deposit insurance and \$1,270,733 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

At June 30, 2015, the carrying amount of the primary institution's cash, cash equivalents and restricted cash is \$943,990 as compared to bank balances of \$937,154. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$27,838 is covered by federal deposit insurance and \$909,316 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

At June 30, 2016, the carrying amount of the discretely presented component units' cash, cash equivalents and restricted cash is \$87,001 as compared to bank balances of \$79,794. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$4,911 is covered by federal deposit insurance and \$74,883 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

At June 30, 2015, the carrying amount of the discretely presented component units' cash, cash equivalents and restricted cash is \$76,701 as compared to bank balances of \$66,246. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$5,427 is covered by federal deposit insurance and \$60,819 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

### NOTE 3 — INVESTMENTS

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

Temporary Investments are amounts available for current operations. The target is to maximize value while protecting the liquidity of the assets. Temporary Investments include the following instruments with varying maturities: obligations of the U. S. Treasury and other federal agencies and instrumentalities, municipal and state bonds, corporate bonds, certificates of deposit, commercial paper, repurchase agreements, money market funds and mutual funds.

The Long-Term Investment Pool is a unitized investment pool consisting of gifted endowment funds of the university, gifted endowment funds of the OSU Foundation, and quasi-endowment funds which are internally designated funds that are to function as endowments. The Long-Term Investment Pool operates with a long-term investment goal of preserving and maintaining the real purchasing power of the principal while allowing for the generation of a predictable stream of annual distribution. The university's Board of Trustees approved the following thematic asset classes, allocation ranges and benchmarks for the Long-Term Investment Pool:

Asset Class	Range	Benchmark
Global Equities	40-80%	MSCI All Country World Index (ACWI)
Global Credit	10-50%	Barclays U.S. Aggregate Bond Index
Real Assets	5-20%	U.S. Consumer Price Index (CPI) + 5%

The Global Equities category includes domestic equity, international equity, emerging market equity, hedged funds and private equity. The Global Credit category includes global fixed

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

income and relative value/macro, credit oriented managers and private credit. The Real Assets category includes real estate and infrastructure funds.

Other Long-Term Investments are non-unitized investments that relate primarily to gift arrangements between donors and the OSU Foundation. Included in this category are charitable remainder trust assets invested in mutual funds, OSU Foundation interests in unitrust, gift annuities, annuity trust and pooled income agreements, life insurance policies for which the OSU Foundation has been named owner and beneficiary, and certain real estate investments. Also included in this category are other private equity investments and investments in certain organizations that are affiliated with the OSU Health System.

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

The cash and cash equivalents amount represents cash held in the long-term investment pool by various investment managers. Such amounts were generated by gifts received throughout the fiscal year and sales of investments in the long-term investment pool. Subsequently, the cash and cash equivalents will be used to purchase long-term investments.

Total university investments by major category for the primary institution at June 30, 2016 and 2015 are as follows:

	<b>Primary Institution</b>	
	<b>2016</b>	<b>2015</b>
Temporary Investments	\$ 1,508,854	\$ 1,213,486
Long-Term Investment Pool:		
Gifted Endowment - University	977,173	1,047,985
Gifted Endowment - OSU Foundation	763,332	757,158
Quasi Endowment - Operating	1,203,959	1,164,148
Quasi Endowment - Designated	672,098	690,096
Total Long-Term Investment Pool	3,616,562	3,659,387
Securities Lending Collateral Investments	27,589	37,806
Other Long-Term Investments	132,971	93,367
Total Investments	<u>\$ 5,285,976</u>	<u>\$ 5,004,046</u>

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

Total university investments by investment type for the primary institution at June 30, 2016 are as follows:

	Primary Institution				
	Temporary		Other		Total
	Investments	Long-Term Investment Pool	Long-Term Investments	Securities Lending Collateral Investments	
U.S. equity	\$ -	\$ 366,931	\$ -	\$ -	\$ 366,931
International equity	-	112,199	-	-	112,199
Equity mutual funds	81,371	158,936	23,407	-	263,714
U.S. government obligations	167,430	5,094	2,745	-	175,269
U.S. government agency obligations	120,992	-	-	-	120,992
Repurchase agreements	2,200	-	-	-	2,200
Corporate bonds and notes	983,399	-	214	-	983,613
Bond mutual funds	83,697	-	17,801	-	101,498
Foreign government bonds	6,819	-	-	-	6,819
Real assets	10,184	644,415	16,705	-	671,304
Hedge funds	-	1,444,636	-	-	1,444,636
Private equity	-	514,100	56,409	-	570,509
Commercial paper	40,746	-	-	-	40,746
Cash and cash equivalents	-	370,251	-	-	370,251
Other	12,016	-	15,690	-	27,706
Securities Lending Collateral Assets:					
Repurchase agreements	-	-	-	7,317	7,317
Variable rate notes	-	-	-	17,774	17,774
Commercial paper	-	-	-	521	521
Certificates of deposit	-	-	-	-	-
Cash and other adjustments	-	-	-	1,977	1,977
	<u>\$ 1,508,854</u>	<u>\$ 3,616,562</u>	<u>\$ 132,971</u>	<u>\$ 27,589</u>	<u>\$ 5,285,976</u>

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

Total university investments by investment type for the primary institution at June 30, 2015 are as follows:

	Primary Institution				
	Temporary	Long-Term	Other	Securities	Total
	Investments	Investment Pool	Long-Term Investments	Lending Collateral Investments	
U.S. equity	\$ 1	\$ 319,380	\$ -	\$ -	\$ 319,381
International equity	-	158,999	-	-	158,999
Equity mutual funds	92,463	152,063	24,532	-	269,058
U.S. government obligations	130,087	193,656	1,812	-	325,555
U.S. government agency obligations	89,413	-	-	-	89,413
Repurchase agreements	2,000	-	-	-	2,000
Corporate bonds and notes	767,080	-	231	-	767,311
Bond mutual funds	75,107	-	17,058	-	92,165
Foreign government bonds	16,454	-	-	-	16,454
Real assets	5	627,698	5,561	-	633,264
Hedge funds	-	1,655,086	-	-	1,655,086
Private equity	-	503,491	29,602	-	533,093
Commercial paper	25,763	-	-	-	25,763
Cash and cash equivalents	-	49,014	-	-	49,014
Other	15,113	-	14,571	-	29,684
Securities Lending Collateral Assets:					
Repurchase agreements	-	-	-	12,460	12,460
Variable rate notes	-	-	-	15,682	15,682
Commercial paper	-	-	-	5,128	5,128
Certificates of deposit	-	-	-	4,538	4,538
Cash and other adjustments	-	-	-	(2)	(2)
	<u>\$ 1,213,486</u>	<u>\$ 3,659,387</u>	<u>\$ 93,367</u>	<u>\$ 37,806</u>	<u>\$ 5,004,046</u>

The components of the net investment income for the primary institution are as follows:

	Net Increase (Decrease)		
	Interest and Dividends (net)	in Fair Value of Investments	Net Investment Income (Loss)
Temporary Investments	\$ 21,667	\$ 857	\$ 22,524
Long-Term Investment Pool	71,193	(128,618)	(57,425)
Other Long-Term Investments	1,939	22,449	24,388
Total 2016	<u>\$ 94,799</u>	<u>\$ (105,312)</u>	<u>\$ (10,513)</u>
Total 2015	<u>\$ 88,758</u>	<u>\$ 84,537</u>	<u>\$ 173,295</u>

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

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### Information on Fair Value of Investments

Fair value is defined in the accounting standards as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value.

Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

*Level 1* – Prices based on unadjusted quoted prices in active markets that are accessible for identical assets or liabilities are classified as Level 1. Directly held equity securities, registered bond and equity mutual funds, and other miscellaneous investments classified in Level 1 are valued using prices quoted in active markets that the custodian and university have the ability to access.

*Level 2* – Quoted prices in the markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly, are classified as Level 2. Level 2 investments include US government agencies and obligations, corporate bonds, municipal bonds, foreign government bonds, repurchase agreements, commercial paper, and other debt related investments. The evaluated prices may be determined by factors which include, but are not limited to, market quotations, yields, maturities, call features, ratings, institutional size trading in similar groups of securities and developments related to specific securities.

*Level 3* – Investments classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value of these investments are based upon the best information in the circumstance and may require significant management judgment. Investments included in Level 3 consist primarily of the university's ownership in real estate, limited partnerships and equity positions in private companies.

*Net Asset Value (NAV)* – Investments whose fair value is measured at NAV are excluded from the fair value hierarchy. Investments in non-governmental entities that do not have a readily determinable fair value may be valued at NAV if the NAV is determined in accordance with the fair value measurement principles provided by the FASB standards relevant to investment companies. Alternative investments with a NAV reported under an alternative

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

basis are reflected as Level 3 investments. Investments measured at NAV consist mainly of non-publicly traded mutual funds, hedge funds, private equity, and other alternative funds. These assets are valued by the associated external investment manager/general partner and reviewed by the university using the most recent audited and unaudited financial statements available.

*Not Leveled* – Cash is not measured at fair value and, thus, is not subject to the fair value disclosure requirements. Cash not subject to such requirements amounted to \$179,177 and \$990 at June 30, 2016 and 2015, respectively.

Investments by fair value category for the primary institution at June 30, 2016 are as follows:

	Primary Institution				
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV as Practical Expedient (NAV)	Total Fair Value
U.S. equity	\$ 366,931	\$ -	\$ -	\$ -	\$ 366,931
International equity	112,199	-	-	-	112,199
Equity mutual funds	104,779	-	-	158,935	263,714
U.S. government obligations	-	175,269	-	-	175,269
U.S. government agency obligations	-	120,992	-	-	120,992
Repurchase agreements	-	2,200	-	-	2,200
Corporate bonds and notes	-	980,094	3,519	-	983,613
Bond mutual funds	101,498	-	-	-	101,498
Foreign government bonds	-	6,819	-	-	6,819
Real assets	15,182	-	125,357	530,765	671,304
Hedge funds	-	-	-	1,444,636	1,444,636
Private equity	-	-	23,806	546,703	570,509
Commercial paper	-	40,746	-	-	40,746
Cash equivalents	191,074	-	-	-	191,074
Other	-	11,685	16,021	-	27,706
Securities Lending Collateral Assets:					
Repurchase agreements	-	7,317	-	-	7,317
Variable rate notes	-	17,199	575	-	17,774
Commercial paper	-	521	-	-	521
Certificates of deposit	-	-	-	-	-
Other adjustments	-	1,977	-	-	1,977
	<u>\$ 891,663</u>	<u>\$ 1,364,819</u>	<u>\$ 169,278</u>	<u>\$ 2,681,039</u>	<u>\$ 5,106,799</u>
Securities not leveled in investment portfolio:					
Cash	<u>\$ 179,177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,177</u>

Investments by fair value category for the primary institution at June 30, 2015 are as follows:



## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

	Primary Institution				
	Quoted Prices	Significant	Significant	NAV as	Total
	in Active	Other Observable	Unobservable	Practical	
	Markets	Inputs	Inputs	Expedient	
	(Level 1)	(Level 2)	(Level 3)	(NAV)	Fair Value
U.S. equity	\$ 319,381	\$ -	\$ -	\$ -	\$ 319,381
International equity	158,999	-	-	-	158,999
Equity mutual funds	116,995	-	-	152,063	269,058
U.S. government obligations	193,656	131,899	-	-	325,555
U.S. government agency obligations	-	89,413	-	-	89,413
Repurchase agreements	-	2,000	-	-	2,000
Corporate bonds and notes	-	767,311	-	-	767,311
Bond mutual funds	91,549	616	-	-	92,165
Foreign government bonds	-	16,454	-	-	16,454
Real assets	5,821	-	109,150	518,293	633,264
Hedge funds	-	-	-	1,655,086	1,655,086
Private equity	-	-	20,138	512,955	533,093
Commercial paper	-	25,434	329	-	25,763
Cash equivalents	48,022	-	-	-	48,022
Other	-	14,572	15,112	-	29,684
Securities Lending Collateral Assets:					
Repurchase agreements	-	12,460	-	-	12,460
Variable rate notes	-	13,238	2,444	-	15,682
Commercial paper	-	4,799	329	-	5,128
Certificates of deposit	-	4,538	-	-	4,538
Other adjustments	-	-	-	-	-
	<u>\$ 934,423</u>	<u>\$ 1,082,734</u>	<u>\$ 147,502</u>	<u>\$ 2,838,397</u>	<u>\$ 5,003,056</u>
Securities not leveled in investment portfolio:					
Cash	\$ 990	\$ -	\$ -	\$ -	\$ 990

### Additional Information on Investments Measured at the NAV

Additional information on fair values, unfunded commitments, remaining life and redemption for investments measured at the NAV for the primary institution at June 30, 2016 is as follows:

	Fair Value	Unfunded Commitments	Remaining Life	Redemption Notice Period		Redemption Restrictions
Equity mutual funds - non-public international	\$ 158,935	\$ -	No limit	1 to 30 days		None
Hedge funds - absolute return, credit, long/short equities	1,444,636	-	No limit	30 to 90 day notice periods		Lock-up provisions ranging from none to 2 years; side pockets on a few funds
Private equity - private credit, buyouts, venture, secondary	546,703	418	1-10 years	Partnerships ineligible for redemption		Not redeemable
Real assets - natural resources, real estate, infrastructure	530,765	288	1-10 years	Partnerships ineligible for redemption		Not redeemable
	<u>\$ 2,681,039</u>	<u>\$ 706</u>				

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

### Additional Risk Disclosures for Investments

Statements No. 3 and 40 of the Governmental Accounting Standards Board require certain additional disclosures related to the liquidity, interest-rate, custodial, credit and foreign currency risks associated with deposits and investments.

**Liquidity risk** – The university's alternative investments are illiquid and subject to redemption restrictions in accordance with their respective governing documents. Such governing documents do not provide for the university to exit the alternative investments until the term of the respective alternative investments has ended.

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

The maturities of the university's interest-bearing investments for the primary institution at June 30, 2016 are as follows:

	Primary Institution				
	Investment Maturities (in years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	\$ 175,269	\$ 18,829	\$ 157,613	\$ (1,173)	\$ -
U.S. government agency obligations	120,992	14,980	62,941	17,088	25,983
Repurchase agreements	2,200	2,200	-	-	-
Commercial paper	40,746	40,746	-	-	-
Corporate bonds	983,613	270,225	634,723	35,072	43,593
Bond mutual funds	101,498	(1,011)	66,138	27,106	9,265
Other governmental bonds	11,685	3,237	7,739	-	709
Foreign governmental bonds	6,819	1,726	5,093	-	-
Securities Lending Collateral:					
Repurchase agreements	7,317	7,317	-	-	-
Certificates of deposit	-	-	-	-	-
Commercial paper	521	521	-	-	-
Variable rate notes	17,774	17,774	-	-	-
Total	\$ 1,468,434	\$ 376,544	\$ 934,247	\$ 78,093	\$ 79,550

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

The maturities of the university's interest-bearing investments for the primary institution at June 30, 2015 are as follows:

	Primary Institution				
	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	\$ 325,555	\$ 18,432	\$ 224,315	\$ 82,808	\$ -
U.S. government agency obligations	89,413	1,833	58,609	12,997	15,974
Repurchase agreements	2,000	2,000	-	-	-
Commercial paper	25,763	25,763	-	-	-
Corporate bonds	767,311	205,581	492,879	30,366	38,485
Bond mutual funds	92,165	21,527	33,287	27,499	9,852
Other governmental bonds	14,572	1,531	12,195	-	846
Foreign governmental bonds	16,454	7,096	9,052	306	-
Securities Lending Collateral:					
Repurchase agreements	12,460	12,460	-	-	-
Certificates of deposit	4,538	4,538	-	-	-
Commercial paper	5,128	5,128	-	-	-
Variable rate notes	15,682	15,080	602	-	-
Total	\$ 1,371,041	\$ 320,969	\$ 830,939	\$ 153,976	\$ 65,157

**Custodial credit risk** – Custodial credit risk is the risk that, in the event of the failure of the custodian, university investments may not be recovered. It is the policy of the university to hold investments in custodial accounts, and the securities are registered solely in the name of the university. All investments are transacted with nationally reputable brokerage firms offering protection by the Securities Investor Protection Corporation.

**Credit risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. Credit quality information – as commonly expressed in terms of the credit ratings issued by nationally recognized statistical rating organizations such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings – provides a current depiction of potential variable cash flows and credit risk.

Per GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment to GASB Statement No. 3*, securities with split ratings, or a different rating assignment, are disclosed using the rating indicative of the greatest degree of risk.

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

The credit ratings of the university's interest-bearing investments for the primary institution at June 30, 2016 are as follows:

	Primary Institution										
	Total	AAA	AA	A	BBB	BB	B	CCC	CC	C	Not Rated
U.S. government and agency obligations	\$ 296,261	\$ 289	\$ 292,392	\$ 2,518	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,062
Repurchase agreements	2,200	-	-	-	-	-	-	-	-	-	2,200
Corporate bonds	983,613	61,182	211,662	359,356	291,321	22,258	8,313	238	-	-	29,283
Bond mutual funds	101,498	62,906	7,385	16,059	12,540	870	281	1	-	1,320	136
Foreign govt bonds	6,819	2,322	2,731	-	1,255	-	-	-	-	-	511
Commercial paper	40,746	-	-	-	-	-	-	-	-	-	40,746
Other govt bonds	11,685	-	4,726	5,235	275	-	1,004	-	-	-	445
Securities Lending Collateral:											
Repurchase agreements	7,317	-	-	-	-	-	-	-	-	-	7,317
Certificates of deposit	-	-	-	-	-	-	-	-	-	-	-
Commercial paper	521	521	-	-	-	-	-	-	-	-	-
Variable rate notes	17,774	2,015	6,029	9,730	-	-	-	-	-	-	-
Total	\$ 1,468,434	\$ 129,235	\$ 524,925	\$ 392,898	\$ 305,391	\$ 23,128	\$ 9,598	\$ 239	\$ -	\$ 1,320	\$ 81,700

The credit ratings of the university's interest-bearing investments for the primary institution at June 30, 2015 are as follows:

	Primary Institution										
	Total	AAA	AA	A	BBB	BB	B	CCC	CC	C	Not Rated
U.S. government and agency obligations	\$ 414,968	\$ -	\$ 413,772	\$ 528	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 668
Repurchase agreements	2,000	-	-	-	-	-	-	-	-	-	2,000
Corporate bonds	767,311	83,411	131,000	319,689	182,628	30,932	9,022	-	-	-	10,629
Bond mutual funds	92,165	38,037	12,435	21,085	17,972	1,023	220	220	219	219	485
Foreign govt bonds	16,454	2,011	2,228	8,557	3,157	-	-	-	-	-	501
Commercial paper	25,763	-	-	-	-	-	-	-	-	-	25,763
Other govt bonds	14,572	-	7,168	4,437	2,967	-	-	-	-	-	-
Securities Lending Collateral:											
Repurchase agreements	12,460	-	-	-	-	-	-	-	-	-	12,460
Certificates of deposit	4,538	982	-	3,556	-	-	-	-	-	-	-
Commercial paper	5,128	763	408	3,957	-	-	-	-	-	-	-
Variable rate notes	15,682	358	7,006	8,318	-	-	-	-	-	-	-
Total	\$ 1,371,041	\$ 125,562	\$ 574,017	\$ 370,127	\$ 206,724	\$ 31,955	\$ 9,242	\$ 220	\$ 219	\$ 219	\$ 52,506

**Concentration of credit risk** – Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the university to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments.

There is no investment in issuers other than U. S. government guaranteed securities that represents five percent or more of investments held at June 30, 2016 and June 30, 2015.

**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.

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

At June 30, 2016, exposure to foreign currency risk for the primary institution is as follows:

	Primary Institution					
	Common	Equity	Bond	Corporate	Foreign	Partnerships
	Stock	Mutual	Mutual	Bonds and	Government	and Hedge
	Funds	Funds	Notes	Bonds	Funds	
Australian dollar	\$ 1,005	\$ 6,759	\$ (60)	\$ -	\$ -	\$ 11,493
Bangladeshi taka	-	605	-	-	-	-
Brazilian real	315	6,425	298	-	-	-
Canadian dollar	7,474	1,111	6	-	-	-
Chilean peso	-	1,520	-	-	-	-
Chinese yuan	-	342	(280)	-	-	-
Columbian peso	-	628	-	-	-	-
Czech Republic	-	-	-	-	-	-
koruna	-	974	-	-	-	-
Danish krone	1,110	251	(3)	-	-	-
Egyptian pound	-	30	-	-	-	-
Euro	35,254	23,712	(456)	1,597	-	80,657
Great Britain pound	-	-	-	-	-	-
sterling	22,789	36,297	(293)	190	-	19,414
Hong Kong dollar	5,104	14,562	18	-	-	-
Hungarian forint	-	38	-	-	-	-
Indian rupee	-	3,986	3	-	-	-
Indonesian rupiah	-	323	5	-	-	-
Israeli shekel	-	82	-	-	-	-
Japanese yen	19,823	26,559	(55)	-	-	-
Kuwaiti dinar	-	443	-	-	-	-
Malaysian ringgit	-	1,163	-	-	-	-
Mexican peso	-	1,279	130	-	-	-
New Taiwan dollar	-	4,777	(240)	-	-	-
New Turkish lira	-	1,166	-	-	-	-
New Zealand dollar	-	39	4	-	-	-
Norwegian krone	1,529	1,130	1	-	-	-
Pakistan rupee	-	1,818	-	-	-	-
Peruvian nuevo sol	-	-	-	-	-	-
Philippine peso	-	233	-	-	-	-
Polish zloty	-	559	-	-	-	-
Romanian new leu	-	1,810	-	-	-	-
Russian ruble	-	-	150	-	-	-
Singapore dollar	-	6,925	(483)	-	-	-
South African rand	-	5,525	3	-	-	-
South Korean won	-	4,324	(13)	-	-	-
Sri Lanka rupee	-	345	-	-	-	-
Swedish krona	1,723	1,315	222	-	-	-
Swiss franc	16,073	6,247	(218)	-	-	7,968
Thailand bhat	-	774	-	-	-	-
UAE dirham	-	107	-	-	-	-
Total	\$ 112,199	\$ 164,183	\$ (1,261)	\$ 1,787	\$ -	\$ 119,532

**Notes to Financial Statements – Years Ended June 30, 2016 and 2015**  
(dollars in thousands)

At June 30, 2015, exposure to foreign currency risk for the primary institution is as follows:

	Primary Institution					
	Common	Equity	Bond	Corporate	Foreign	Partnerships
	Stock	Mutual Funds	Mutual Funds	Bonds and Notes	Government Bonds	and Hedge Funds
Argentinian Peso	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -
Australian dollar	428	9,574	(291)	-	-	17,949
Bermudian dollar	-	4	-	-	-	-
Brazilian real	4,649	7,152	(260)	2,911	-	-
Canadian dollar	1,113	3,340	5	-	-	-
Chilean peso	-	1,578	-	-	-	-
Chinese yuan	-	2,877	(18)	-	-	-
Columbian peso	-	57	-	-	-	-
Czech Republic						
koruna	997	1,337	-	-	-	-
Danish krone	-	6,773	(5)	-	-	-
Egyptian pound	1,728	46	-	-	-	-
Euro	40,738	57,061	(304)	2,566	-	64,973
Great Britain pound						
sterling	34,153	48,884	43	2,039	-	15,035
Hong Kong dollar	9,661	14,922	15	-	-	-
Hungarian forint	-	6	-	-	-	-
Indian rupee	4,222	2,609	278	-	-	-
Indonesian rupiah	1,059	691	-	-	-	-
Israeli shekel	-	247	-	-	-	-
Japanese yen	18,545	33,586	64	-	-	-
Korean dollar	-	775	-	-	-	-
Macanese pataca	-	6	-	-	-	-
Malaysian ringgit	-	807	8	-	-	-
Mali West African						
CFA franc	-	4	-	-	-	-
Mexican peso	1,755	1,908	5	-	-	-
New Taiwan dollar	5,290	5,218	(5)	-	-	-
New Turkish lira	1,359	1,428	5	-	-	-
New Zealand dollar	-	87	(197)	-	-	-
Norwegian krone	964	1,614	-	-	-	-
Peruvian nuevo sol	-	12	-	-	-	-
Philippine peso	-	209	-	-	-	-
Polish zloty	-	165	(23)	-	-	-
Qatari rial	-	22	-	-	-	-
Russian ruble	-	435	(3)	-	-	-
Singapore dollar	-	8,357	(140)	-	-	-
South African rand	4,869	4,057	(10)	-	-	-
South Korean won	6,537	1,796	3	-	-	-
Swedish krona	1,272	2,379	8	-	-	-
Swiss franc	15,756	6,949	(8)	-	-	-
Thailand bhat	2,368	914	-	-	-	-
UAE dirham	1,536	658	-	-	-	-
Zambian kwacha	-	4	-	-	-	-
Total	\$ 158,999	\$ 228,549	\$ (830)	\$ 7,516	\$ -	\$ 97,957

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

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### Securities Lending

The university has engaged in a securities lending program through its custodian bank of the long-term investment pool. Securities loaned at June 30, 2016 were comprised completely of equity, and these loans were secured by collateral in the form of cash, equity, U.S. government obligations, and foreign government/private debt. All loans must be secured by collateral amounting to no less than 102% of the current fair value of domestic securities loaned and no less than 105% of the current fair value of foreign securities loaned.

As of the financial statements' date, there was no credit risk on securities loaned due to the fair value of the collateral held being greater than the fair value of securities on loan to each individual broker. The university, the custodian, and the borrower each maintain the right to terminate a loan. Upon maturity or termination of a loan agreement, the custodian is contractually obligated to indemnify the university if the borrowers fail to return loaned securities and if liquidation of the collateral is insufficient to replace the value of the securities loaned. Noncash collateral cannot be pledged or sold by the university without a borrower's default. While earning fees received by the university during the loan period, cash collateral is simultaneously invested in short term, highly liquid securities in order to further increase interest earned while also matching a weighted average maturity of loans which is not to exceed 60 days.

As of June 30, 2016, securities loaned by the university amounted to a fair value of \$38,166 and were secured by collateral in the amount of \$40,139. The portion of this collateral that was received in cash amounted to \$27,589 and is reflected within the university's statement of net position as a current asset and a corresponding current liability.

As of June 30, 2015, securities loaned by the university amounted to a fair value of \$77,302 and were secured by collateral in the amount of \$82,564. The portion of this collateral that was received in cash amounted to \$37,806 and is reflected within the university's statement of net position as a current asset and a corresponding current liability.

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

### NOTE 4 — ACCOUNTS, NOTES AND PLEDGES RECEIVABLE

Accounts receivable for the primary institution at June 30, 2016 and 2015 consist of the following:

	Primary Institution	
	2016	2015
Patient receivables - OSU Health System	\$ 1,057,506	\$ 1,010,390
Grant and contract receivables	88,725	88,433
Tuition and fees receivable	19,508	23,314
Receivables for departmental and auxiliary sales and services	47,934	51,390
State and federal receivables	7,223	8,140
Other receivables	409	85
Total receivables	1,221,305	1,181,752
Less: Allowances for doubtful accounts	708,674	696,954
Total receivables, net	\$ 512,631	\$ 484,798

Allowances for doubtful accounts consist primarily of patient receivables of the OSU Health System.

Notes receivable consist primarily of Perkins and health professions loans and are net of an allowance for doubtful accounts of \$17,500 and \$17,130 at June 30, 2016 and 2015, respectively. Federal capital contributions to the Perkins loan programs represent advances which are ultimately refundable to the federal government.

In accordance with GASB Statement No. 33, *Accounting and Reporting for Non-exchange Transactions*, the university has recorded \$105,671 in non-endowment pledges receivable and a related allowance for doubtful accounts of \$4,804 at June 30, 2016. The university recorded \$108,039 in non-endowment pledges receivable and a related allowance for doubtful accounts of \$5,611 at June 30, 2015.



## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

### NOTE 5 — CAPITAL ASSETS

Capital assets activity for the primary institution for the year ended June 30, 2016 is summarized as follows:

	Primary Institution			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	\$ 86,915	\$ 3,319	\$ 4,899	\$ 85,335
Intangibles	18,413	-	-	18,413
Construction in progress	332,346	(228,791)	-	103,555
Total non depreciable assets	437,674	(225,472)	4,899	207,303
Capital assets being depreciated:				
Improvements other than buildings	730,346	81,709	-	812,055
Buildings and fixed equipment	5,607,541	441,277	9,309	6,039,509
Movable equipment, furniture and software	1,300,468	109,169	35,437	1,374,200
Library books	177,753	6,165	529	183,389
Total	7,816,108	638,320	45,275	8,409,153
Less: Accumulated depreciation	3,450,540	351,901	38,418	3,764,023
Total depreciable assets, net	4,365,568	286,419	6,857	4,645,130
Capital assets, net	\$ 4,803,242	\$ 60,947	\$ 11,756	\$ 4,852,433

The decrease in construction in progress of \$228,791 in fiscal year 2016 represents the amount of capital expenditures for new projects of \$349,456, net of assets placed in service of \$578,247.

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

Capital assets activity for the primary institution for the year ended June 30, 2015 is summarized as follows:

	Primary Institution			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	\$ 68,926	\$ 18,598	\$ 609	\$ 86,915
Intangibles	18,413	-	-	18,413
Construction in progress	1,211,647	(879,301)	-	332,346
Total non depreciable assets	1,298,986	(860,703)	609	437,674
Capital assets being depreciated:				
Improvements other than buildings	508,330	222,467	451	730,346
Buildings and fixed equipment	4,592,063	1,025,531	10,053	5,607,541
Movable equipment, furniture and software	1,101,236	258,716	59,484	1,300,468
Library books	171,669	6,609	525	177,753
Total	6,373,298	1,513,323	70,513	7,816,108
Less: Accumulated depreciation	3,179,388	335,881	64,729	3,450,540
Total depreciable assets, net	3,193,910	1,177,442	5,784	4,365,568
Capital assets, net	\$ 4,492,896	\$ 316,739	\$ 6,393	\$ 4,803,242

The decrease in construction in progress of \$879,301 in fiscal year 2015 represents the amount of capital expenditures for new projects of \$561,719, net of assets placed in service of \$1,441,020.

Capital assets activity for the discretely presented component units for the year ended June 30, 2016 is summarized as follows:

	Discretely Presented Component Units			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	\$ 10,844	\$ 20,881	\$ 10,603	\$ 21,122
Intangibles	-	-	-	-
Construction in progress	582	24,909	-	25,491
Total non depreciable assets	11,426	45,790	10,603	46,613
Capital assets being depreciated:				
Improvements other than buildings	8,314	1,625	1,429	8,510
Buildings and fixed equipment	67,551	8,101	3,286	72,366
Movable equipment, furniture and software	48,398	2,662	779	50,281
Library books	-	-	-	-
Total	124,263	12,388	5,494	131,157
Less: Accumulated depreciation	55,778	6,425	2,398	59,805
Total depreciable assets, net	68,485	5,963	3,096	71,352
Capital assets, net	\$ 79,911	\$ 51,753	\$ 13,699	\$ 117,965

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

Capital assets activity for the discretely presented component units for the year ended June 30, 2015 is summarized as follows:

	Discretely Presented Component Units			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	\$ 5,794	\$ 5,050	\$ -	\$ 10,844
Intangibles	-	-	-	-
Construction in progress	15	567	-	582
Total non depreciable assets	5,809	5,617	-	11,426
Capital assets being depreciated:				
Improvements other than buildings	8,280	34	-	8,314
Buildings and fixed equipment	67,661	-	110	67,551
Movable equipment, furniture and software	44,307	2,572	(1,519)	48,398
Library books	-	-	-	-
Total	120,248	2,606	(1,409)	124,263
Less: Accumulated depreciation	49,711	6,315	248	55,778
Total depreciable assets, net	70,537	(3,709)	(1,657)	68,485
Capital assets, net	\$ 76,346	\$ 1,908	\$ (1,657)	\$ 79,911

### NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses for the primary institution at June 30, 2016 and 2015 consist of the following:

	Primary Institution	
	2016	2015
Payables to vendors for supplies and services	\$ 333,524	\$ 293,477
Accrued compensation and benefits	90,906	79,097
Retirement system contributions payable	45,118	42,596
Other accrued expenses	(332)	32,194
Total payables and accrued expenses	\$ 469,216	\$ 447,364

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

### NOTE 7 – DEPOSITS AND ADVANCE PAYMENTS FOR GOODS AND SERVICES

Deposits and advance payments for goods and services for the primary institution at June 30, 2016 and 2015 consist of the following:

	Primary Institution	
	2016	2015
Current deposits and advance payments:		
Tuition and fees	\$ 40,119	\$ 51,793
Departmental and auxiliary sales and services	75,686	87,459
Affinity agreements	7,901	12,622
Grant and contract advances	78,329	93,542
Other deposits and advance payments	14,337	16,121
Total current deposits and advance payments	<u>\$ 216,372</u>	<u>\$ 261,537</u>
Other non-current deposits and advance payments:	<u>\$ 79,538</u>	<u>\$ 45,202</u>

### NOTE 8 – SELF-INSURANCE ACCRUALS

The university maintains self-insurance programs for professional medical malpractice, employee health insurance and workers' compensation. Information on each of these programs is provided below.

#### Medical Malpractice

The university has established trustee self-insurance funds for professional medical malpractice liability claims with a \$4,000 limit per occurrence and \$18,000 annual aggregate. The university self-insurance funds have insurance in excess of \$4,000 per occurrence through Oval Limited, a blended component unit of the university. Effective July 1, 2015, Oval Limited provides coverage with limits of \$75,000 per occurrence and in the aggregate.

Previous coverage levels for Oval Limited are as follows:

Accident Period for Oval	Gross Oval Limit (Occurrence and Annual Aggregate)
7/1/15 – 6/30/16	\$75,000
7/1/08 – 6/30/15	\$55,000
7/1/06 – 6/30/08	\$40,000
7/1/05 – 6/30/06	\$35,000
7/1/02 – 6/30/05	\$25,000
7/1/97 – 6/30/02	\$15,000
9/30/94 – 6/30/97	\$10,000

The limits are in excess of underlying policies with limits of \$4,000 per occurrence and \$18,000 in the aggregate. A portion of the risks written by Oval Limited to date is reinsured

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

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by four reinsurance companies. Oval Limited retains 50% of the first \$15,000 of risk and cedes the remainder to Berkley Medical Excess Underwriters (rated A+ by A.M. Best). The next \$20,000 is fully ceded to Lexington Insurance Company (rated A by A.M. Best). The next \$20,000 is fully ceded to Endurance Specialty Insurance Ltd. (rated A by A.M. Best). Above that, Oval Limited cedes the remaining \$20,000 of risk to Medical Protective (rated A++ by A.M. Best). The estimated liability and the related contributions to the trustee fund are based upon an independent actuarial determination as of June 30, 2016. OSUP participates in the university self-insurance fund for professional medical malpractice liability claims.

The university's estimate of professional malpractice liability includes provisions for known claims and actuarially determined estimates of incurred but not reported claims and incidents. This liability at June 30, 2016 of the anticipated future payments on gross claims is estimated at its present value of \$57,873 discounted at an estimated rate of 3.0% (university funds) and an additional \$26,927 discounted at an estimated rate of 3.0% (Oval Limited).

Although actual experience upon the ultimate disposition of the claims may vary from this estimate, the self-insurance fund assets of \$179,198 (which primarily consist of bond and equity mutual funds, money market funds and U.S. treasury notes) are more than the recorded liability at June 30, 2016, and the surplus of \$94,398 is included in unrestricted net position.

At June 30, 2015, the anticipated future payments on gross claims was estimated at its present value of \$69,523 discounted at an estimated rate of 3% (university funds) and an additional \$29,055 discounted at an estimated rate of 3% (Oval Limited). The self-insurance fund assets of \$183,504 (which primarily consist of bond and equity mutual funds, money market funds and U.S. treasury notes) were more than the recorded liability at June 30, 2015, and the surplus of \$84,925 was included in unrestricted net position.

### Employee Health Insurance

The university is also self-insured for employee health insurance. As of June 30, 2016 and 2015, \$39,096 and \$37,375, respectively is recorded as a liability relating to both claims received but not paid and estimates of claims incurred but not yet reported.

### Workers' Compensation

Effective January 1, 2013, the university became self-insured for workers' compensation. As of June 30, 2016 and 2015, respectively, \$19,127 and \$15,308 are recorded as a liability relating to both claims received but not paid and estimates of claims incurred but not yet reported.

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

Changes in reported self-insurance liabilities for the primary institution since June 30, 2014 result from the following activities:

	Malpractice		Health		Workers' Compensation	
	2016	2015	2016	2015	2016	2015
Liability at beginning of fiscal year	\$ 98,578	\$ 101,577	\$ 37,375	\$ 48,507	\$ 15,308	\$ 12,341
Current year provision for losses	(9,128)	109	343,904	288,281	(5,492)	(3,045)
Claim payments	(4,650)	(3,108)	(342,183)	(299,413)	9,311	6,012
Balance at fiscal year end	\$ 84,800	\$ 98,578	\$ 39,096	\$ 37,375	\$ 19,127	\$ 15,308

### NOTE 9 — DEBT

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

Debt activity for the primary institution for the year ended June 30, 2016 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<b>Notes:</b>					
WOSU	\$ 2,462	\$ -	\$ 159	\$ 2,303	\$ 159
OH Air Quality Note Series A	3,839	-	401	3,438	407
OH Air Quality Note Series B	2,340	-	-	2,340	-
St. Stephens Church Note	2,871	-	69	2,802	73
<b>General Receipts Bonds - Fixed Rate:</b>					
2005A, due serially through 2035	36,040	-	36,040	-	-
2008A, due serially through 2028	124,165	-	13,835	110,330	7,070
2010A, due serially through 2020	146,040	-	28,850	117,190	38,030
2010C, due 2040	654,785	-	-	654,785	-
2010D, due serially through 2032	84,625	-	-	84,625	-
2011, due 2111	500,000	-	-	500,000	-
2012A, due 2030	90,500	-	7,630	82,870	7,890
2012B, due 2033	18,920	-	1,785	17,135	1,800
2014A, due serially through 2044	135,985	-	2,190	133,795	2,235
2016A, due serially through 2111	-	600,000	-	600,000	-
2016B, due serially through 2030	-	30,875	2,330	28,545	2,610
<b>Special Purpose General Receipts Bonds - Fixed Rate:</b>					
2013A, due 2043	337,955	-	-	337,955	-
<b>General Receipts Bonds - Variable Rate:</b>					
1997, due serially through 2027	17,160	-	-	17,160	17,160
1999B1, due serially through 2029	10,765	-	-	10,765	10,765
2001, due serially through 2032	53,035	-	-	53,035	53,035
2003C, due serially through 2031	51,975	-	-	51,975	51,975
2005B, due serially through 2035	71,575	-	-	71,575	71,575
2008B, due serially through 2028	91,925	-	-	91,925	91,925
2010E, due serially through 2035	150,000	-	-	150,000	150,000
2014B, due serially through 2044	150,000	-	-	150,000	150,000
<b>Capital Lease Obligations</b>	6,389	-	1,842	4,547	1,709
	2,743,351	630,875	95,131	3,279,095	658,418
<b>Unamortized Bond Premiums</b>	98,658	4,745	9,238	94,165	-
Total outstanding debt	\$ 2,842,009	\$ 635,620	\$ 104,369	\$ 3,373,260	\$ 658,418

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

Debt activity for the primary institution for the year ended June 30, 2015 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<b>Notes:</b>					
WOSU	\$ 2,621	\$ -	\$ 159	\$ 2,462	\$ 159
OH Air Quality Note Series A	4,234	-	395	3,839	401
OH Air Quality Note Series B	2,340	-	-	2,340	-
St. Stephens Church Note	2,937	-	66	2,871	69
<b>General Receipts Bonds - Fixed Rate:</b>					
2005A, due serially through 2035	47,400	-	11,360	36,040	2,725
2008A, due serially through 2028	137,410	-	13,245	124,165	13,835
2010A, due serially through 2020	174,660	-	28,620	146,040	28,850
2010C, due 2040	654,785	-	-	654,785	-
2010D, due serially through 2032	84,625	-	-	84,625	-
2011, due 2111	500,000	-	-	500,000	-
2012A, due 2030	90,500	-	-	90,500	7,630
2012B, due 2033	20,760	-	1,840	18,920	1,785
2014A, due serially through 2044	-	135,985	-	135,985	2,190
<b>Special Purpose General Receipts Bonds - Fixed Rate:</b>					
2013A, due 2043	337,955	-	-	337,955	-
<b>General Receipts Bonds - Variable Rate:</b>					
1997, due serially through 2027	17,160	-	-	17,160	17,160
1999B1, due serially through 2029	10,765	-	-	10,765	10,765
2001, due serially through 2032	53,035	-	-	53,035	53,035
2003C, due serially through 2031	51,975	-	-	51,975	51,975
2005B, due serially through 2035	71,575	-	-	71,575	71,575
2008B, due serially through 2028	91,925	-	-	91,925	91,925
2010E, due serially through 2035	150,000	-	-	150,000	150,000
2014B, due serially through 2044	-	150,000	-	150,000	150,000
<b>Capital Lease Obligations</b>	8,446	-	2,057	6,389	1,840
	2,515,108	285,985	57,742	2,743,351	655,919
<b>Unamortized Bond Premiums</b>	90,420	14,835	6,597	98,658	-
Total outstanding debt	\$ 2,605,528	\$ 300,820	\$ 64,339	\$ 2,842,009	\$ 655,919

Debt activity for the discretely presented component units for the year ended June 30, 2016 is as follows:

	Discretely Presented Component Units				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<b>Notes:</b>					
OSU Physicians - Series 2013 Health Care Facilities Revenue Bond, due through 2035	\$ 14,228	\$ -	\$ 569	\$ 13,659	\$ 811
OSU Physicians - Term Loan Payable, due 2023	2,136	-	249	1,887	-
<b>Capital Lease Obligations</b>	5	-	5	-	-
Total outstanding debt	\$ 16,369	\$ -	\$ 823	\$ 15,546	\$ 811

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

Debt activity for the discretely presented component units for the year ended June 30, 2015 is as follows:

	Discretely Presented Component Units				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<b>Notes:</b>					
OSU Physicians - Series 2013 Health Care Facilities Revenue Bond, due through 2035	\$ 14,785	\$ -	\$ 557	\$ 14,228	\$ 567
OSU Physicians - Term Loan Payable, due 2023	2,379	-	243	2,136	244
OSU Physicians - Fifth Third Letter of Credit	70	-	70	-	-
<b>Capital Lease Obligations</b>	20	-	15	5	5
Total outstanding debt	\$ 17,254	\$ -	\$ 885	\$ 16,369	\$ 816

Debt obligations are generally callable by the university, bear interest at fixed and variable rates ranging from 0% to 6% and mature at various dates through 2111. Maturities and interest on debt obligations for the next five years and in five-year periods for the primary institution are as follows:

	Primary Institution		
	Principal	Interest	Total
2017	\$ 658,418	\$ 122,504	\$ 780,922
2018	62,366	117,208	179,574
2019	48,181	114,874	163,055
2020	35,144	113,011	148,155
2021	33,651	111,379	145,030
2022-2026	192,388	531,399	723,787
2027-2031	166,430	490,035	656,465
2032-2036	112,621	460,063	572,684
2037-2041	785,746	402,856	1,188,602
2042-2046	84,150	245,427	329,577
2047-2051	350,000	177,247	527,247
2052-2056	-	170,600	170,600
2057-2061	250,000	125,060	375,060
2062-2066	-	120,000	120,000
2067-2071	-	120,000	120,000
2072-2076	-	120,000	120,000
2077-2081	-	120,000	120,000
2082-2086	-	120,000	120,000
2087-2091	-	120,000	120,000
2092-2096	-	120,000	120,000
2097-2101	-	120,000	120,000
2102-2106	-	120,000	120,000
2107-2111	500,000	120,000	620,000
	<u>\$ 3,279,095</u>	<u>\$ 4,381,663</u>	<u>\$ 7,660,758</u>



## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

Maturities and interest on debt obligations for the next five years and in five-year periods for the discretely presented component units are as follows:

	Discretely Presented Component Units		
	Principal	Interest	Total
2017	\$ 811	\$ 322	\$ 1,133
2018	892	304	1,196
2019	879	285	1,164
2020	898	266	1,164
2021	918	246	1,164
2022-2026	3,957	563	4,520
2027-2031	3,781	151	3,932
2032-2036	3,410	952	4,362
	<u>\$ 15,546</u>	<u>\$ 3,089</u>	<u>\$ 18,635</u>

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

The outstanding bond indentures do not require mandatory reserves for future payment of principal and interest. However, the university has set aside \$324,998 for future debt service which is included in unrestricted net position.

The university has defeased various bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The defeased bonds for the primary institution are as follows:

	Amount	
	Amount Defeased	Outstanding at June 30, 2016
General Receipts Bonds:		
Series 2008A	\$ 18,195	\$ 18,195
Series 2010A	13,050	13,050
Series 2010D	3,710	3,710
	<u>\$ 34,955</u>	<u>\$ 34,955</u>

Neither the outstanding indebtedness nor the related trust account assets for the above bonds are included in the university's financial statements.

### Special-Purpose General Receipts Bonds

In January 2013, the university issued \$337,955 of Special Purpose General Receipts Bonds, Series 2013A. These bonds are solely payable from, and secured by, a pledge of the gross revenues of Special Purpose Revenue Facilities. Special Purpose Revenue Facilities are defined in the Series 2013 Supplement as all housing and dining facilities and

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

such auxiliary facilities as shall constitute recreation facilities owned by the university. The bond indenture agreement includes a debt covenant, requiring the university “to set rates, charges and fees in each Fiscal Year so as to cause Special Purpose Pledged Revenues to be in an amount not less than 1.10 times the aggregate debt service for the then-current Fiscal Year on all Special Purpose General Receipts Obligations”. At June 30, 2016, the university is in compliance with this covenant. Condensed financial information for the Special Purpose Revenue Facilities is provided in Note 21.

### Variable Rate Demand Bonds

Series 1997, 1999B1, 2001, 2003C, 2005B, 2008B, 2010E and 2014B variable rate demand bonds bear interest at rates based upon yield evaluations at par of comparable securities. The maximum interest rate allowable and the effective average interest rate from issue date to June 30, 2016 are as follows:

Series:	Interest Rate Not	Effective Average
	to Exceed	Interest Rate
1997	12%	1.545%
1999B1	12%	1.317%
2001	12%	1.097%
2003C	12%	1.449%
2005B	12%	1.005%
2008B	12%	0.268%
2010E	8%	0.099%
2014B	not specified	0.087%

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

The university’s variable rate demand bonds mature at various dates through 2044. GASB Interpretation No. 1, *Demand Bonds Issued by State and Local Governmental Entities*, provides guidance on the statement of net position classification of these bonds. Under GASB Interpretation No. 1, outstanding principal balances on variable rate demand bonds may be classified as non-current liabilities if the issuer has entered into a “take-out agreement” to convert bonds “put” but not resold into some other form of long-term obligation. In the absence of such an agreement, the total outstanding principal balances for these bonds are required to be classified as current liabilities.

Although it is the university’s intent to repay its variable rate demand bonds in accordance with the maturities set forth in the bond offering circulars, the university does not have “take-out agreements” in place per the GASB Interpretation No. 1 requirements. Accordingly, the university has classified the total outstanding principal balances on its variable rate demand

## **Notes to Financial Statements – Years Ended June 30, 2016 and 2015**

(dollars in thousands)

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bonds as current liabilities. The obligations totaled \$596,435 and \$596,435 at June 30, 2016 and 2015, respectively.

### **Capital Lease Obligations**

Some university equipment items and vehicles are financed as capital leases. The original cost and lease obligations related to these capital leases as of June 30, 2016 are \$13,338 and \$4,547, respectively. The original cost and lease obligations related to these capital leases as of June 30, 2015 are \$15,203 and \$6,389, respectively.

### **Capitalization of Interest**

Interest incurred during the construction of capital assets is included in the cost of the asset when capitalized. Total interest costs incurred for the years ended June 30, 2016 and 2015 for the primary institution were \$105,619 and \$100,082, respectively. Of these amounts, interest of \$11,734 and \$30,324 was capitalized in the years ended June 30, 2016 and 2015. The remaining amounts, \$93,885 in fiscal year 2016 and \$69,758 in fiscal year 2015, are reported as interest expense in the statement of revenues, expenses and changes in net position.

## **NOTE 10 — OPERATING LEASES**

The university leases various buildings, office space, and equipment under operating lease agreements. These facilities and equipment are not recorded as assets on the statement of net position. The total rental expense under these agreements was \$30,152 and \$24,760 for the years ended June 30, 2016 and 2015, respectively.

Future minimum payments for all significant operating leases with initial or remaining terms in excess of one year as of June 30, 2016 are as follows:

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

Year Ending June 30,	Primary	Discretely Presented
	Institution	Component Units
2017	\$ 44,581	\$ 2,601
2018	16,136	1,680
2019	14,633	776
2020	13,339	579
2021	11,044	384
2022-2026	48,432	816
2027-2031	39,178	21
2032-2036	3,009	-
2037-2041	775	-
2042-2046	1,077	-
2047-2051	1,068	-
2052-2056	1,310	-
2057 and beyond	2,725	-
Total minimum lease payments	<u>\$ 197,307</u>	<u>\$ 6,857</u>

### NOTE 11 — COMPENSATED ABSENCES

University employees earn vacation and sick leave on a monthly basis.

Classified civil service employees may accrue vacation benefits up to a maximum of three years credit. Administrative and professional staff and faculty may accrue vacation benefits up to a maximum of 240 hours. For all classes of employees, any earned but unused vacation benefit is payable upon termination.

Sick leave may be accrued without limit. However, earned but unused sick leave benefits are payable only upon retirement from the university with ten or more years of service with the state. The amount of sick leave benefit payable at retirement is one fourth of the value of the accrued but unused sick leave up to a maximum of 240 hours.

The university accrues sick leave liability for those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible to receive such payments. This liability is calculated using the "termination payment method" which is set forth in Appendix C, Example 4 of the GASB Statement No. 16, *Accounting for Compensated Absences*. Under the termination method, the university calculates a ratio, Sick Leave Termination Cost per Year Worked, that is based on the university's actual historical experience of sick leave payouts to terminated employees. This ratio is then applied to the total years-of-service for current employees.

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

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

### NOTE 12 — OTHER LIABILITIES

Other liability activity for the primary institution for the year ended June 30, 2016 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 166,356	\$ 15,794	\$ 11,138	\$ 171,012	\$ 11,138
Self-insurance accruals	151,261	338,595	346,833	143,023	48,407
Amounts due to third party payors	52,811	62,585	44,168	71,228	28,483
Obligations under life income agreements	28,944	7,721	3,440	33,225	3,949
Refundable advances for Federal Perkins loans	32,228	-	118	32,110	-
Other noncurrent liabilities	84,140	28,917	-	113,057	-
	<u>\$ 515,740</u>	<u>\$ 453,612</u>	<u>\$ 405,697</u>	<u>\$ 563,655</u>	<u>\$ 91,977</u>

Other liability activity for the primary institution for the year ended June 30, 2015 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 160,296	\$ 20,532	\$ 14,472	\$ 166,356	\$ 14,472
Self-insurance accruals	162,425	291,306	302,470	151,261	43,387
Amounts due to third party payors	19,779	52,862	19,830	52,811	8,643
Obligations under life income agreements	36,062	-	7,118	28,944	2,440
Refundable advances for Federal Perkins loans	31,657	1,142	571	32,228	-
Other noncurrent liabilities	91,168	-	7,028	84,140	-
	<u>\$ 501,387</u>	<u>\$ 365,842</u>	<u>\$ 351,489</u>	<u>\$ 515,740</u>	<u>\$ 68,942</u>

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

### NOTE 13 – RENTALS UNDER OPERATING LEASES

The university is the lessor of certain land, buildings, office and retail space under operating lease agreements. Future minimum rental income from non-cancelable operating leases for the primary institution as of June 30, 2016 is as follows:

Year Ending June 30,	
2017	\$ 5,228
2018	4,056
2019	3,531
2020	3,143
2021	2,512
2022-2026	9,563
2027-2031	3,822
2032-2036	2,832
2037-2041	2,274
2042-2046	207
2047-2051	60
Total minimum future rentals	<u>\$ 37,228</u>

### NOTE 14 – OPERATING EXPENSES BY OBJECT

In accordance with requirements set forth by the Ohio Board of Regents, the university reports operating expenses by functional classification on the Statement of Revenues, Expenses and Other Changes in Net Position. Operating expenses by object for the primary institution for the years ended June 30, 2016 and 2015 are summarized as follows:

#### Year Ended June 30, 2016

	Primary Institution				
	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 866,910	\$ 127,377	\$ -	\$ -	\$ 994,287
Separately budgeted research	296,748	147,329	-	-	444,077
Public service	90,729	69,552	-	-	160,281
Academic support	169,078	38,610	-	-	207,688
Student services	78,115	25,669	-	-	103,784
Institutional support	117,693	109,464	-	-	227,157
Operation and maintenance of plant	32,547	68,460	-	-	101,007
Scholarships and fellowships	6,308	2,189	112,465	-	120,962
Auxiliary enterprises	153,389	100,748	-	-	254,137
OSU Health System	1,231,265	1,019,765	-	-	2,251,030
Depreciation	-	-	-	351,901	351,901
Total operating expenses	<u>\$ 3,042,782</u>	<u>\$ 1,709,163</u>	<u>\$ 112,465</u>	<u>\$ 351,901</u>	<u>\$ 5,216,311</u>

**Notes to Financial Statements – Years Ended June 30, 2016 and 2015**  
(dollars in thousands)

Year Ended June 30, 2015

	Primary Institution				
	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 823,329	\$ 116,776	\$ -	\$ -	\$ 940,105
Separately budgeted research	271,924	162,700	-	-	434,624
Public service	80,828	50,530	-	-	131,358
Academic support	148,655	43,485	-	-	192,140
Student services	75,245	24,984	-	-	100,229
Institutional support	130,756	99,993	-	-	230,749
Operation and maintenance of plant	32,789	63,077	-	-	95,866
Scholarships and fellowships	6,341	2,902	103,701	-	112,944
Auxiliary enterprises	142,037	106,842	-	-	248,879
OSU Health System	1,054,966	915,158	-	-	1,970,124
Depreciation	-	-	-	335,881	335,881
Total operating expenses	\$ 2,766,870	\$ 1,586,447	\$ 103,701	\$ 335,881	\$ 4,792,899

**NOTE 15 — RETIREMENT PLANS**

University employees are covered by one of three retirement systems. The university faculty is covered by the State Teachers Retirement System of Ohio (STRS Ohio). Substantially all other employees are covered by the Public Employees Retirement System of Ohio (OPERS). Employees may opt out of STRS Ohio and OPERS and participate in the Alternative Retirement Plan (ARP) if they meet certain eligibility requirements.

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

**Defined Benefit Plans**

STRS Ohio and OPERS offer statewide cost-sharing multiple-employer defined benefit pension plans. STRS Ohio and OPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by state statute and are calculated using formulas that include years of service and final average salary as factors. Both STRS Ohio and OPERS issue separate, publicly available financial reports that include financial statements and required supplemental information. These reports may be obtained by contacting the two organizations.

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

STRS Ohio  
275 East Broad Street  
Columbus, OH 43215-3371  
(614) 227-4090  
(888) 227-7877  
[www.strsoh.org](http://www.strsoh.org)

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

In accordance with GASB Statement No. 68, employers participating in cost-sharing multiple-employer plans are required to recognize a proportionate share of the collective net pension liabilities of the plans. Although changes in the net pension liability generally are recognized as pension expense in the current period, GASB 68 requires certain items to be deferred and recognized as expense in future periods. Deferrals for differences between projected and actual investment returns are amortized to pension expense over five years. Deferrals for employer contributions subsequent to the measurement date are amortized in the following period (one year). Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 3 to 9 years).

The collective net pension liabilities of the retirement systems and the university's proportionate share of these net pension liabilities as of June 30, 2016 are as follows:

	STRS-Ohio	OPERS	Total
Net pension liability - all employers	\$ 27,637,075	\$ 17,272,216	
Proportion of the net pension liability - university	4.5%	9.0%	
Proportionate share of net pension liability	\$ 1,238,470	\$ 1,556,156	\$ 2,794,626

The collective net pension liabilities of the retirement systems and the university's proportionate share of these net pension liabilities as of June 30, 2015 are as follows:

	STRS-Ohio	OPERS	Total
Net pension liability - all employers	\$ 24,323,461	\$ 12,022,615	
Proportion of the net pension liability - university	4.4%	8.8%	
Proportionate share of net pension liability	\$ 1,070,914	\$ 1,059,518	\$ 2,130,432



## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2016:

	STRS-Ohio	OPERS	Total
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$ 56,459	\$ 317	\$ 56,776
Net difference between projected and actual earnings on pension plan investments	-	461,637	461,637
Changes in proportion of university contributions	789	1,343	2,132
University contributions subsequent to the measurement date	67,106	88,058	155,164
<b>Total</b>	<b>\$ 124,354</b>	<b>\$ 551,355</b>	<b>\$ 675,709</b>
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$ -	\$ 33,260	\$ 33,260
Net difference between projected and actual earnings on pension plan investments	89,069	-	89,069
Changes in proportion of university contributions	-	40	40
<b>Total</b>	<b>\$ 89,069</b>	<b>\$ 33,300</b>	<b>\$ 122,369</b>

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2015:

	STRS-Ohio	OPERS	Total
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$ 10,310	\$ -	\$ 10,310
Net difference between projected and actual earnings on pension plan investments	-	57,206	57,206
University contributions subsequent to the measurement date	66,547	84,922	151,469
<b>Total</b>	<b>\$ 76,857</b>	<b>\$ 142,128</b>	<b>\$ 218,985</b>
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$ -	\$ 20,512	\$ 20,512
Net difference between projected and actual earnings on pension plan investments	198,123	-	198,123
<b>Total</b>	<b>\$ 198,123</b>	<b>\$ 20,512</b>	<b>\$ 218,635</b>

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

Net deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ending June 30 as follows:

	STRS-Ohio	OPERS	Total
2017	47,412	189,460	236,872
2018	(19,694)	108,593	88,899
2019	(19,694)	117,169	97,475
2020	27,260	104,301	131,561
2021	-	(383)	(383)
2022 and Thereafter	-	(1,084)	(1,084)
<b>Total</b>	<b>\$ 35,284</b>	<b>\$ 518,056</b>	<b>\$ 553,340</b>

The following table provides additional details on the pension benefit formulas, contribution requirements and significant assumptions used in the measurement of total pension liabilities for the retirement systems.

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

	<b>STRS-Ohio</b>	<b>OPERS</b>
<b>Statutory Authority</b>	Ohio Revised Code Chapter 3307	Ohio Revised Code Chapter 145
<b>Benefit Formula</b>	<p>The annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement increased effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 and five years of service on August 1, 2026.</p>	<p>Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.</p>
<b>Cost-of-Living Adjustments</b>	<p>With certain exceptions, the basic benefit is increased each year by 2% of the original base benefit. For members retiring August 1, 2013, or later, the first 2% is paid on the fifth anniversary of the retirement benefit.</p>	<p>Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3% cost-of-living adjustment is provided on the member's base benefit.</p>

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

	<b>STRS-Ohio</b>	<b>OPERS</b>
<b>Contribution Rates</b>	Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. Through June 30, 2015, the employer rate was 14% and the member rate was 12% of covered payroll. The statutory employer rate for fiscal 2016 and subsequent years is 14%. The statutory member contribution rate increased to 13% on July 1, 2015 and will increase to 14% on July 1, 2016.	Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2015, employer rates for the State and Local Divisions were 14% of covered payroll (and 18.1% for the Law Enforcement and Public Safety Divisions). Member rates for the State and Local Divisions were 10% of covered payroll (13% for Law Enforcement and 12% for Public Safety).
<b>Measurement Date</b>	June 30, 2015	December 31, 2015
<b>Actuarial Assumptions</b>	<b>Valuation Date:</b> July 1, 2015 <b>Actuarial Cost Method:</b> Individual entry age <b>Investment Rate of Return:</b> 7.75% <b>Inflation:</b> 2.75% <b>Projected Salary Increases:</b> 2.75% - 12.25% <b>Cost-of-Living Adjustments:</b> 2.00% Simple	<b>Valuation Date:</b> December 31, 2015 <b>Actuarial Cost Method:</b> Individual entry age <b>Investment Rate of Return:</b> 8.00% <b>Inflation:</b> 3.75% <b>Projected Salary Increases:</b> 4.25% - 10.05% <b>Cost-of-Living Adjustments:</b> 3.00% Simple
<b>Mortality Rates</b>	RP-2000 Combined Mortality Table (Projection 2022–Scale AA) for Males and Females. Males' ages are set back two years through age 89 and no setback for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and no set back from age 90 and above.	RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120% of the disabled female mortality rates were used set forward two years. For females, 100% of the disabled female mortality rates were used.
<b>Date of Last Experience Study</b>	July 1, 2012	December 31, 2010

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

	STRS-Ohio	OPERS																																																
<b>Investment Return Assumptions</b>	<p>The 10 year expected real rate of return on pension plan investments was determined by STRS Ohio's investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and long-term expected real rate of return for each major asset class are summarized as follows:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Domestic Equity</td><td>31.0%</td><td>8.00%</td></tr> <tr> <td>International Equity</td><td>26.0%</td><td>7.85%</td></tr> <tr> <td>Alternatives</td><td>14.0%</td><td>8.00%</td></tr> <tr> <td>Fixed Income</td><td>18.0%</td><td>3.75%</td></tr> <tr> <td>Real Estate</td><td>10.0%</td><td>6.75%</td></tr> <tr> <td>Liquidity Reserves</td><td>1.0%</td><td>3.00%</td></tr> <tr> <td><b>Total</b></td><td><b>100%</b></td><td></td></tr> </table> <p>* Returns presented as geometric means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Domestic Equity	31.0%	8.00%	International Equity	26.0%	7.85%	Alternatives	14.0%	8.00%	Fixed Income	18.0%	3.75%	Real Estate	10.0%	6.75%	Liquidity Reserves	1.0%	3.00%	<b>Total</b>	<b>100%</b>		<p>The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The following table displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Fixed Income</td><td>23.0%</td><td>2.31%</td></tr> <tr> <td>Domestic Equity</td><td>20.7%</td><td>5.84%</td></tr> <tr> <td>Real Estate</td><td>10.0%</td><td>4.25%</td></tr> <tr> <td>Private Equity</td><td>10.0%</td><td>9.25%</td></tr> <tr> <td>International Equity</td><td>18.3%</td><td>7.40%</td></tr> <tr> <td>Other Investments</td><td>18.0%</td><td>4.59%</td></tr> <tr> <td><b>Total</b></td><td><b>100.0%</b></td><td></td></tr> </table> <p>* Returns presented as arithmetic means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	23.0%	2.31%	Domestic Equity	20.7%	5.84%	Real Estate	10.0%	4.25%	Private Equity	10.0%	9.25%	International Equity	18.3%	7.40%	Other Investments	18.0%	4.59%	<b>Total</b>	<b>100.0%</b>	
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## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

	STRS-Ohio	OPERS												
<b>Discount Rate</b>	The discount rate used to measure the total pension liability was 7.75% as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.	The discount rate used to measure the total pension liability was 8.0% for the Traditional Pension Plan, the Combined Plan and the Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.												
<b>Sensitivity of Net Pension Liability to Changes in Discount Rate</b>	<table> <tr> <th>1% Decrease (6.75%)</th><th>Current Rate (7.75%)</th><th>1% Increase (8.75%)</th></tr> <tr> <td>\$ 1,720,329</td><td>\$ 1,238,470</td><td>\$ 830,987</td></tr> </table>	1% Decrease (6.75%)	Current Rate (7.75%)	1% Increase (8.75%)	\$ 1,720,329	\$ 1,238,470	\$ 830,987	<table> <tr> <th>1% Decrease (7.00%)</th><th>Current Rate (8.00%)</th><th>1% Increase (9.00%)</th></tr> <tr> <td>\$ 2,486,407</td><td>\$ 1,556,155</td><td>\$ 771,771</td></tr> </table>	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)	\$ 2,486,407	\$ 1,556,155	\$ 771,771
1% Decrease (6.75%)	Current Rate (7.75%)	1% Increase (8.75%)												
\$ 1,720,329	\$ 1,238,470	\$ 830,987												
1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)												
\$ 2,486,407	\$ 1,556,155	\$ 771,771												

### Defined Contribution Plans

ARP is a defined contribution pension plan. Full-time administrative and professional staff and faculty may choose enrollment in ARP in lieu of OPERS or STRS Ohio. Classified civil service employees hired on or after August 1, 2005 are also eligible to participate in ARP. ARP does not provide disability benefits, annual cost-of-living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

OPERS also offers a defined contribution plan, the Member-Directed Plan (MD). The MD plan does not provide disability benefits, annual cost-of-living adjustments, post-retirement

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

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

STRS Ohio also offers a defined contribution plan in addition to its long established defined benefit plan. Employer contributions at a rate of 9.5% and all employee contributions are placed in an investment account directed by the employee. Disability benefits are limited to the employee's account balance. Employees electing the defined contribution plan receive no post-retirement health care benefits.

### Combined Plans

STRS Ohio offers a combined plan with features of both a defined contribution plan and a defined benefit plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive post-retirement health care benefits.

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

### Summary of Employer Pension Expense

Total pension expense for the year ended June 30, 2016, including employer contributions and accruals associated with recognition of net pension liabilities and related deferrals, is presented below.

	STRS-Ohio	OPERS	ARP	Total
Employer Contributions	\$ 66,975	\$ 178,293	\$ 53,423	\$ 298,691
GASB 68 Accruals	11,006	100,197		111,203
Total Pension Expense	<b>\$ 77,981</b>	<b>\$ 278,490</b>	<b>\$ 53,423</b>	<b>\$ 409,894</b>

Total pension expense for the year ended June 30, 2015, including employer contributions and accruals associated with recognition of net pension liabilities and related deferrals, is presented below.

	STRS-Ohio	OPERS	ARP	Total
Employer Contributions	\$ 65,738	\$ 170,979	\$ 50,598	\$ 287,315
GASB 68 Accruals	(15,237)	(19,152)		(34,389)
Total Pension Expense	<b>\$ 50,501</b>	<b>\$ 151,827</b>	<b>\$ 50,598</b>	<b>\$ 252,926</b>

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

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Pension expense is allocated to institutional functions on the Statement of Revenues, Expenses and Other Changes in Net Position.

### Post-Retirement Health Care Benefits

STRS Ohio currently 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 ORC, STRS Ohio has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care costs in the form of monthly premiums. Under ORC, medical costs paid from the funds of STRS Ohio are included in the employer contribution rate. For the fiscal year ended June 30, 2015, STRS Ohio made no allocation of employer contributions for post-employment health care.

OPERS currently provides post-employment health care benefits to retirees with ten or more years of qualifying service credit. These benefits are advance-funded on an actuarially determined basis and are financed through employer contributions and investment earnings. OPERS determines the amount, if any, of the associated health care costs that will be absorbed by OPERS. Under Ohio Revised Code (ORC), funding for medical costs paid from the funds of OPERS is included in the employer contribution rate. For calendar years 2015 and 2016, OPERS allocated 2.0% of the employer contribution rate to fund the health care program for retirees.

### OSU Physicians Retirement Plan

Retirement benefits are provided for the employees of OSUP through a tax-sheltered 403(b) and 401(a) program administered by an insurance company. OSUP is required to make nondiscretionary contributions of no less than 7.5% under the Interim Retirement Plan; however, some subsidiaries make an additional discretionary contribution of up to 17.5%, for a range of total employer contributions of 7.5% to 25%. Employees are allowed, but not required, to make contributions to the 403(b) plan. OSUP's share of the cost of these benefits was \$3,949 and \$4,397 for the years ended June 30, 2016 and 2015, respectively.

Employee contributions were \$1,603 and \$1,457 for the years ended June 30, 2016 and 2015.



## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

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### NOTE 16 — CAPITAL PROJECT COMMITMENTS

At June 30, 2016, the university is committed to future contractual obligations for capital expenditures of approximately \$188,978.

These projects are funded by the following sources:

State appropriations	\$ 33,485
Internal and other sources	155,493
Total	<u>\$ 188,978</u>

### NOTE 17 — CONTINGENCIES AND RISK MANAGEMENT

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

The university is self-insured for the Health System's professional malpractice liability, employee health benefits, workers' compensation and employee life, accidental death and dismemberment benefits. Additional details regarding these self-insurance arrangements are provided in Note 8. The university also carries commercial insurance policies for various property, casualty and excess liability risks. Over the past three years, settlement amounts related to these insured risks have not exceeded the university's coverage amounts.

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

### NOTE 18 — PARKING LEASE AND CONCESSION AGREEMENT

On September 21, 2012, the university entered into a 50-year lease and concession agreement with QIC Global Infrastructure (QIC GI). CampusParc LP, a QIC GI affiliate, owns and operates the university's parking concession on QIC GI's behalf. Under the agreement, CampusParc operates, maintains and retains parking revenues from the university's parking lots and garages. This agreement also regulates the parking rates that may be charged and future increases in these rates. The university received lump-sum payments totaling \$483,000 from QIC GI and used the proceeds to establish endowment funds, with income distributions internally designated to support student scholarships, faculty initiatives and research, transportation and sustainability and the university arts district.

The lump-sum payment under this service concession arrangement is reported as a deferred inflow of resources and is being amortized to operating revenue over the life of the agreement. Deferred inflows related to the parking agreement were \$445,439 and \$455,070

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

at June 30, 2016 and 2015, respectively. The university reports the parking lots and garages as capital assets with a carrying amount of \$124,985 and \$124,947 at June 30, 2016 and 2015, respectively.

### NOTE 19 – COMBINING INFORMATION FOR BLENDED COMPONENT UNITS

As indicated in the Basis of Presentation in Note 1, the university consolidates certain component units in a blended presentation. Condensed combining financial information for the years ended June 30, 2016 and 2015 is presented below.

#### Condensed Combining Information – Year Ended June 30, 2016

	OSU Foundation	OSU Health Plan	Oval Limited
<b>Condensed statements of net position:</b>			
Current assets	\$ 47,947	\$ 6,764	\$ 51,449
Capital assets, net	3,518	31	-
Other assets	879,169	648	-
Amounts receivable from the university	-	-	-
Deferred outflows	-	-	-
Total assets and deferred outflows	<u>\$ 930,634</u>	<u>\$ 7,443</u>	<u>\$ 51,449</u>
Current liabilities	\$ 3,881	\$ 885	\$ 50
Noncurrent liabilities	45,442	428	26,927
Amounts payable to the university	1,548	2,081	-
Deferred inflows	-	-	-
Total liabilities and deferred inflows	<u>50,871</u>	<u>3,394</u>	<u>26,977</u>
Net investment in capital assets	3,518	-	-
Restricted:			
Nonexpendable	744,159	-	-
Expendable	121,124	-	-
Unrestricted	10,962	4,049	24,472
Total net position	<u>879,763</u>	<u>4,049</u>	<u>24,472</u>
Total liabilities, deferred inflows and net position	<u>\$ 930,634</u>	<u>\$ 7,443</u>	<u>\$ 51,449</u>

**Notes to Financial Statements – Years Ended June 30, 2016 and 2015**  
(dollars in thousands)

	OSU Foundation	OSU Health Plan	Oval Limited
<b>Condensed statements of revenues, expenses and changes in net position:</b>			
Operating revenues:			
Grants and contracts	\$ -	\$ -	\$ -
Sales and services of OSU Physicians	-	-	-
Other sales, services and rental income	1,846	12,138	759
Other operating	-	-	-
Total operating revenues	1,846	12,138	759
Operating expenses, excluding depreciation	22,531	11,581	152
Depreciation expense	247	-	-
Total operating expenses	22,778	11,581	152
Net operating income (loss)	(20,932)	557	607
Non-operating revenues and expenses:			
Gifts for current use	156,737	-	-
Net investment income (loss)	(12,441)	-	502
Interest expense	-	-	-
Other non-operating revenue (expense)	-	-	-
Net non-operating revenue (expense)	144,296	-	502
Capital contributions and additions to permanent endowments	75,415	-	-
Transfers from (to) the university	(197,297)	-	-
Change in net position	1,482	557	1,109
Beginning net position	878,281	3,492	23,363
Ending net position	\$ 879,763	\$ 4,049	\$ 24,472
<b>Condensed statements of cash flows:</b>			
Net cash provided (used) by:			
Operating activities	\$ (19,660)	\$ 39	\$ 1,198
Noncapital financing activities	29,991	1,332	-
Capital and related financing activities	10,422	104	-
Investing activities	(21,536)	(31)	(12,295)
Net increase (decrease) in cash	(783)	1,444	(11,097)
Beginning cash and cash equivalents	3,276	4,551	12,854
Ending cash and cash equivalents	\$ 2,493	\$ 5,995	\$ 1,757

**Notes to Financial Statements – Years Ended June 30, 2016 and 2015**  
(dollars in thousands)

**Condensed Combining Information – Year Ended June 30, 2015**

	OSU Foundation	OSU Health Plan	Oval Limited
<b>Condensed statements of net position:</b>			
Current assets	\$ 41,453	\$ 5,018	\$ 52,462
Capital assets, net	3,766	135	-
Other assets	877,051	617	-
Amounts receivable from the university	-	51	-
Deferred outflows	-	-	-
Total assets and deferred outflows	<u>\$ 922,270</u>	<u>\$ 5,821</u>	<u>\$ 52,462</u>
Current liabilities	\$ 17,544	\$ 1,060	\$ 43
Noncurrent liabilities	26,289	468	29,056
Amounts payable to the university	156	801	-
Deferred inflows	-	-	-
Total liabilities and deferred inflows	<u>43,989</u>	<u>2,329</u>	<u>29,099</u>
Net investment in capital assets	3,766	135	-
Restricted:			
Nonexpendable	714,657	-	-
Expendable	148,447	-	-
Unrestricted	11,411	3,357	23,363
Total net position	<u>878,281</u>	<u>3,492</u>	<u>23,363</u>
Total liabilities, deferred inflows and net position	<u>\$ 922,270</u>	<u>\$ 5,821</u>	<u>\$ 52,462</u>

**Notes to Financial Statements – Years Ended June 30, 2016 and 2015**  
(dollars in thousands)

	OSU Foundation	OSU Health Plan	Oval Limited
<b>Condensed statements of revenues, expenses and changes in net position:</b>			
Operating revenues:			
Grants and contracts	\$ -	\$ -	\$ -
Sales and services of OSU Physicians	-	-	-
Other sales, services and rental income	1,633	12,524	2,973
Other operating	-	-	-
Total operating revenues	1,633	12,524	2,973
Operating expenses, excluding depreciation	28,315	12,491	159
Depreciation expense	242	-	-
Total operating expenses	28,557	12,491	159
Net operating income (loss)	(26,924)	33	2,814
Non-operating revenues and expenses:			
Gifts for current use	163,800	-	-
Net investment income (loss)	38,487	-	551
Interest expense	-	-	-
Other non-operating revenue (expense)	-	-	-
Net non-operating revenue (expense)	202,287	-	551
Capital contributions and additions to permanent endowments	58,424	-	-
Transfers from (to) the university	(189,684)	-	-
Change in net position	44,103	33	3,365
Beginning net position	834,178	3,459	19,998
Ending net position	\$ 878,281	\$ 3,492	\$ 23,363
<b>Condensed statements of cash flows:</b>			
Net cash provided (used) by:			
Operating activities	\$ (19,737)	\$ 350	\$ 1,647
Noncapital financing activities	17,349	402	-
Capital and related financing activities	1,464	344	-
Investing activities	516	(14)	2
Net increase (decrease) in cash	(408)	1,082	1,649
Beginning cash and cash equivalents	3,684	3,469	11,205
Ending cash and cash equivalents	\$ 3,276	\$ 4,551	\$ 12,854

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

### NOTE 20 – COMBINING INFORMATION FOR DISCRETELY PRESENTED COMPONENT UNITS

As indicated in the Basis of Presentation in Note 1, the university consolidates certain component units in a discrete presentation. Condensed combining financial information for the years ended June 30, 2016 and 2015 is presented below.

#### Condensed Combining Information – Year Ended June 30, 2016

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan
<b>Condensed statements of net position:</b>				
Current assets	\$ 131,333	\$ 11,599	\$ 9,029	\$ 1,369
Capital assets, net	24,297	92,373	1,250	44
Other assets	5,209	-	-	-
Amounts receivable from the university	15,481	-	3,670	-
Deferred outflows	-	-	124	-
Total assets and deferred outflows	<u>\$ 176,320</u>	<u>\$ 103,972</u>	<u>\$ 14,073</u>	<u>\$ 1,413</u>
Current liabilities	\$ 14,365	\$ 31,413	\$ 3,441	\$ 13
Noncurrent liabilities	15,140	-	366	-
Amounts payable to the university	23,770	70,884	-	-
Deferred inflows	-	-	7	-
Total liabilities and deferred inflows	<u>53,275</u>	<u>102,297</u>	<u>3,814</u>	<u>13</u>
Net investment in capital assets	6,444	92,373	1,251	-
Restricted:				
Nonexpendable	-	-	-	-
Expendable	-	-	-	-
Unrestricted	116,601	(90,698)	9,008	1,400
Total net position	<u>123,045</u>	<u>1,675</u>	<u>10,259</u>	<u>1,400</u>
Total liabilities, deferred inflows and net position	<u>\$ 176,320</u>	<u>\$ 103,972</u>	<u>\$ 14,073</u>	<u>\$ 1,413</u>

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan
<b>Condensed statements of revenues, expenses and changes in net position:</b>				
Operating revenues:				
Grants and contracts	\$ -	\$ 8,498	\$ 44,456	\$ -
Sales and services of OSU Physicians	487,429	-	-	-
Other sales, services and rental income	-	-	-	8,758
Other operating	-	-	-	-
Total operating revenues	487,429	8,498	44,456	8,758
Operating expenses, excluding depreciation	441,333	9,816	44,052	5,452
Depreciation expense	4,326	1,821	242	36
Total operating expenses	445,659	11,637	44,294	5,488
Net operating income (loss)	41,770	(3,139)	162	3,270
Non-operating revenues and expenses:				
Gifts for current use	-	-	-	-
Net investment income (loss)	76	(91)	(154)	-
Interest expense	(395)	(1,215)	-	-
Other non-operating revenue (expense)	(9,422)	4,044	-	(3,172)
Net non-operating revenue (expense)	(9,741)	2,738	(154)	(3,172)
Capital contributions and additions to permanent endowments	-	3,789	-	-
Change in net position	32,029	3,388	8	98
Beginning net position, as previously reported	91,016	(1,713)	10,251	1,302
Ending net position	\$ 123,045	\$ 1,675	\$ 10,259	\$ 1,400
<b>Condensed statements of cash flows:</b>				
Net cash provided (used) by:				
Operating activities	\$ 28,792	\$ 26,882	\$ (374)	\$ 3,276
Noncapital financing activities	(9,422)	15,283	306	(3,172)
Capital and related financing activities	(3,703)	(42,232)	(977)	-
Investing activities	(4,079)	(91)	(154)	(34)
Net increase (decrease) in cash	11,588	(158)	(1,199)	70
Beginning cash and cash equivalents	68,107	6,134	2,139	324
Ending cash and cash equivalents	\$ 79,695	\$ 5,976	\$ 940	\$ 394

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

As discussed in Note 1, the condensed combining financial information for the year ended June 30, 2015 have been revised to correct for immaterial errors relating to a misclassification of certain transactions between the primary institution and aggregate discretely presented component units as presented in the statement of revenues, expenses and other changes in net position and the statement cash flows.

### Condensed Combining Information – Year Ended June 30, 2015

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan
<b>Condensed statements of net position:</b>				
Current assets	\$ 118,069	\$ 10,140	\$ 8,991	\$ 1,268
Capital assets, net	26,139	53,177	515	79
Other assets	736	1,417	-	-
Amounts receivable from the university	10,534	-	3,976	-
Deferred outflows	-	-	40	-
Total assets and deferred outflows	<u>\$ 155,478</u>	<u>\$ 64,734</u>	<u>\$ 13,522</u>	<u>\$ 1,347</u>
Current liabilities	\$ 15,243	\$ 3,013	\$ 2,970	\$ 45
Noncurrent liabilities	16,277	-	296	-
Amounts payable to the university	32,942	63,434	-	-
Deferred inflows	-	-	5	-
Total liabilities and deferred inflows	<u>64,462</u>	<u>66,447</u>	<u>3,271</u>	<u>45</u>
Net investment in capital assets	2,768	53,177	515	-
Restricted:				
Nonexpendable	-	-	-	-
Expendable	-	-	-	-
Unrestricted	<u>88,248</u>	<u>(54,890)</u>	<u>9,736</u>	<u>1,302</u>
Total net position	<u>91,016</u>	<u>(1,713)</u>	<u>10,251</u>	<u>1,302</u>
Total liabilities, deferred inflows and net position	<u>\$ 155,478</u>	<u>\$ 64,734</u>	<u>\$ 13,522</u>	<u>\$ 1,347</u>



## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan
<b>Condensed statements of revenues, expenses and changes in net position:</b>				
Operating revenues:				
Grants and contracts	\$ -	\$ 12,245	\$ 36,570	\$ -
Sales and services of OSU Physicians	405,620	-	-	-
Other sales, services and rental income	-	-	-	8,693
Other operating	-	-	-	-
Total operating revenues	405,620	12,245	36,570	8,693
Operating expenses, excluding depreciation	383,503	7,918	34,844	5,445
Depreciation expense	4,395	1,641	243	36
Total operating expenses	387,898	9,559	35,087	5,481
Net operating income (loss)	17,722	2,686	1,483	3,212
Non-operating revenues and expenses:				
Gifts for current use	-	-	-	-
Net investment income (loss)	47	-	136	-
Interest expense	(477)	-	-	-
Other non-operating revenue (expense)	(9,110)	(607)	-	(3,182)
Net non-operating revenue (expense)	(9,540)	(607)	136	(3,182)
Capital contributions and additions to permanent endowments	-	-	(1,503)	-
Change in net position	8,182	2,079	116	30
Beginning net position, as previously reported	82,834	(3,792)	10,398	1,272
Cumulative effect of accounting change	-	-	(263)	-
Ending net position	\$ 91,016	\$ (1,713)	\$ 10,251	\$ 1,302
<b>Condensed statements of cash flows:</b>				
Net cash provided (used) by:				
Operating activities	\$ 19,131	\$ 5,410	\$ 466	\$ 3,219
Noncapital financing activities	483	3,591	(1,557)	(3,182)
Capital and related financing activities	(5,372)	(5,540)	(330)	-
Investing activities	2,424	-	136	(26)
Net increase (decrease) in cash	16,666	3,461	(1,285)	11
Beginning cash and cash equivalents	51,441	2,673	3,424	313
Ending cash and cash equivalents	\$ 68,107	\$ 6,134	\$ 2,139	\$ 324

### NOTE 21 – SEGMENT INFORMATION

A segment is an identifiable activity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds or other revenue-backed debt and has related expenses, gains, losses, assets and liabilities that can be identified. The university has one segment that meets the GASB reporting requirements.

## Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

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The Office of Student Life operates student housing, dining and recreational sports facilities on the university's main and regional campuses. In January 2013, the university issued \$337,955 of Special Purpose General Receipts Bonds, Series 2013A. These bonds are solely payable from, and secured by, a pledge of the gross revenues of Special Purpose Revenue Facilities. Special Purpose Revenue Facilities are defined in the Series 2013 Supplement as all housing and dining facilities and such auxiliary facilities as shall constitute recreation facilities owned by the university. Special Purpose Pledged Revenues include all revenues, fees, rentals, rates, charges, insurance proceeds and other moneys derived from the ownership or operation of these facilities. Special Purpose Pledged Revenues totaled \$172,002 and \$168,411 for the years ended June 30, 2016 and 2015, respectively.

Condensed financial information for the Special Purpose Revenue Facilities, before the elimination of certain intra-university transactions, as of and for the years ended June 30, 2016 and 2015 is as follows:

# Notes to Financial Statements – Years Ended June 30, 2016 and 2015

(dollars in thousands)

## Segment Disclosure Information – Year Ended June 30, 2016 and June 30, 2015

	2016	2015
<b>Condensed Statement of Net Position</b>		
Assets and deferred outflows:		
Current assets	\$ 24,926	\$ 23,979
Capital assets	728,836	617,306
Other assets	35,464	165,038
Amounts receivable from the university	-	-
Deferred outflows	-	-
Total assets and deferred outflows	<u>\$ 789,226</u>	<u>\$ 806,323</u>
Liabilities and deferred inflows:		
Current liabilities	\$ 6,943	\$ 5,734
Noncurrent liabilities	-	-
Amounts payable to the university	784,135	800,191
Deferred inflows	-	-
Total liabilities and deferred inflows	<u>791,078</u>	<u>805,925</u>
Net position:		
Net investment in capital assets	(19,835)	(17,847)
Restricted:		
Nonexpendable	-	-
Expendable	-	-
Unrestricted	17,983	18,245
Total net position	<u>(1,852)</u>	<u>398</u>
Total liabilities, deferred inflows and net position	<u>\$ 789,226</u>	<u>\$ 806,323</u>

	2016	2015
<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>		
Special-purpose pledged revenues - operating	\$ 172,002	\$ 168,411
Operating expenses, excluding depreciation	(121,182)	(124,522)
Depreciation expense	(28,110)	(23,205)
Operating income	22,710	20,684
Nonoperating revenues, net	(33,326)	(26,956)
Net income (loss) before transfers	(10,616)	(6,272)
Transfers from (to) other university units, net	8,366	44,221
Increase (decrease) in net position	(2,250)	37,949
Beginning net position	398	(37,551)
Ending net position	<u>\$ (1,852)</u>	<u>\$ 398</u>

<b>Condensed Statement of Cash Flows</b>		
Net cash provided (used) by:		
Operating activities	\$ 402,744	\$ 39,317
Noncapital financing activities	-	-
Capital and related financing activities	(531,575)	(183,948)
Investing activities	95	97
Net increase (decrease) in cash	(128,736)	(144,534)
Beginning cash and cash equivalents	187,978	332,512
Ending cash and cash equivalents	<u>\$ 59,242</u>	<u>\$ 187,978</u>

**The Ohio State University**  
**Required Supplementary Information on GASB 68 Pension Liabilities**  
**Year Ended June 30, 2016**

The schedule of the university's proportionate shares of STRS-Ohio and OPERS net pension liabilities are presented below:

<i>(dollars in thousands)</i>	<b>2016</b>		<b>2015</b>	
	<b>STRS-Ohio</b>	<b>OPERS</b>	<b>STRS-Ohio</b>	<b>OPERS</b>
University's proportion of the net pension liability	4.5%	9.0%	4.4%	8.8%
University's proportionate share of the net pension liability	\$ 1,238,470	\$ 1,556,155	\$ 1,070,914	\$ 1,059,519
University's covered payroll	\$ 388,309	\$ 1,236,914	\$ 381,669	\$ 1,188,828
University's proportionate share of the net pension liability as a percentage of its covered payroll	319%	126%	281%	89%
Plan fiduciary net position as a percentage of the total pension liability	72.1%	81.2%	74.7%	86.5%

The schedule of the university's contributions to STRS-Ohio and OPERS are presented below:

<i>(dollars in thousands)</i>	<b>2016</b>		<b>2015</b>	
	<b>STRS-Ohio</b>	<b>OPERS</b>	<b>STRS-Ohio</b>	<b>OPERS</b>
Contractually required contribution	\$ 66,975	\$ 178,293	\$ 65,738	\$ 170,979
Contributions in relation to the contractually required contribution	\$ 66,975	\$ 178,293	\$ 65,738	\$ 170,979
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 392,797	\$ 1,260,366	\$ 388,309	\$ 1,208,710
Contributions as a percentage of covered payroll	17.1%	14.1%	16.9%	14.1%

**The Ohio State University**  
**Other Information on the Long-Term Investment Pool**  
**Year Ended June 30, 2016**

The following section of the financial report provides additional information on the university's Long-Term Investment Pool, including a summary of changes in market value, investment returns and related expenses. Additional details on university investments, including asset allocations, endowment distribution policies, investment by type and risk disclosures, are provided in Notes 1 and 3 to the Financial Statements.

In 2016, the market value of the university's Long-Term Investment Pool – which includes gifted endowments, long-term investments of university operating funds and other funds internally designated to function as endowments – decreased \$43 million, to \$3.62 billion at June 30, 2016. Long-Term Investment Pool activity for 2016 is summarized below:

<b>Long-Term Investment Pool Activity (in thousands)</b>					
	<u>Gifted Endowments</u>		<u>Quasi-Endowments</u>		
	<u>University</u>	<u>Foundation</u>	<u>Operating</u>	<u>Designated</u>	<u>Total</u>
<b>Balance at June 30, 2015</b>	<b>\$ 1,047,985</b>	<b>\$ 757,158</b>	<b>\$ 1,164,148</b>	<b>\$ 690,096</b>	<b>\$ 3,659,387</b>
Net Principal Additions (Withdrawals)	6,576	63,030	132,551	32,505	234,662
Change in Fair Value	(36,332)	(26,205)	(43,080)	(23,001)	(128,618)
Income Earned	19,646	14,710	23,726	13,111	71,193
Distributions	(40,198)	(30,008)	(48,624)	(26,929)	(145,759)
Expenses	(20,504)	(15,353)	(24,762)	(13,684)	(74,303)
<b>Balance at June 30, 2016</b>	<b>\$ 977,173</b>	<b>\$ 763,332</b>	<b>\$ 1,203,959</b>	<b>\$ 672,098</b>	<b>\$ 3,616,562</b>

**Net principal additions (withdrawals)** for gifted endowments include new endowment gifts and reinvestment of unused endowment distributions. **Change in fair value** includes realized gains and losses for assets sold during the year and unrealized gains and losses for assets held in the pool at June 30, 2016. **Income earned** includes interest and dividends and is used primarily to fund **distributions**. **Expenses** include investment management expenses (\$57 million), University Development related expenses (\$16 million) and other investment related expenses (\$1 million).

**Investment Returns and Expenses:**

The investment return for the Long-Term Investment Pool was -3.4% for fiscal year 2016. The annualized investment returns for the three-year and five-year periods were 4.7% and 5.0%, respectively. These returns -- which are net of investment management expenses as defined by Cambridge Associates for its annual survey -- are used for comparison purposes with other endowments and various benchmarks. In addition to the \$57 million of investment management expenses, which reduced the pool

by 1.6% in fiscal year 2016, the \$16 million of University Development expenses and \$1 million of other investment related expenses further reduced the pool by 0.4%.

**Additional Information:**

For more information on how the Long-Term Investment Pool is invested, please visit the Office of Investments website at: [investments.osu.edu](http://investments.osu.edu).

Additional details on university and foundation endowments, including balances for individual funds, are available on the Office of the Controller's website at: [controller.osu.edu/acc/endow-home.shtm](http://controller.osu.edu/acc/endow-home.shtm) (click on the "Endowment Descriptions and Balances" link).

**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Agency Sponsor	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —			
Funds received directly from the following agencies			
<b>Department of Agriculture</b>			
10.001	USDA Agricultural Res Service	\$ 1,174,510	\$ -
10.001	USDA Forest Service	11,121	-
10.025	Animal & Plant Health Inspection Service	138,234	29,994
10.168	Agricultural Marketing Service	31,377	-
10.200	National Institute of Food & Agriculture	529,492	-
10.202	Cooperative Forestry Research	475,580	-
10.203	Pmts to Agricult Exp Station	7,390,615	-
10.207	Animal Health & Disease Research	19,149	-
10.207	National Institute of Food & Agriculture	12,220	-
10.210	National Institute of Food & Agriculture	38,934	-
10.217	National Institute of Food & Agriculture	193,126	66,832
10.219	National Institute of Food & Agriculture	78,335	65,763
10.220	National Institute of Food & Agriculture	2,941	-
10.250	Economic Res Service	21,736	-
10.253	Economic Res Service	1,596	-
10.290	USDA Office of the Chief Economist	19,983	-
10.303	National Institute of Food & Agriculture	489,699	142,136
10.307	National Institute of Food & Agriculture	418,784	(11,536)
10.309	National Institute of Food & Agriculture	121,588	27,634
10.310	National Institute of Food & Agriculture	4,171,863	869,675
10.311	National Institute of Food & Agriculture	136,657	53,415
10.312	National Institute of Food & Agriculture	1,381,596	353,885
10.329	National Institute of Food & Agriculture	262,483	-
10.351	USDA Rural Development	67,585	-
10.RD	Animal & Plant Health Inspection Service	1,957	-
10.RD	Animal & Plant Health Inspection Service	310,800	28,285
10.RD	Animal & Plant Health Inspection Service	25,092	-
10.445	USDA Forest Service	(2,302)	-
10.500	National Institute of Food & Agriculture	1,244,352	4,459
10.652	USDA Forest Service	33,102	-
10.680	USDA Forest Service	10,432	3,568
10.771	USDA Rural Development	134,013	-
10.902	Natural Resources Conservation Service	64,452	-
10.903	Natural Resources Conservation Service	132,041	-
10.912	Natural Resources Conservation Service	(64,711)	(68,745)
10.960	USDA Foreign Ag Serv	9,608	10,624
<b>Total Department of Agriculture Direct Awards</b>		<b>19,088,040</b>	<b>1,575,989</b>
<b>Department of Commerce</b>			
11.417	Nat Oceanic & Atmospheric Admin	2,071,111	602,071

**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Agency Sponsor	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —			
Funds received directly from the following agencies			
11.620	Nat Inst of Standards & Tech	9,100	-
<b>Total Department of Commerce Direct Awards</b>		<b>2,080,211</b>	<b>602,071</b>
<b>Department of Defense</b>			
12.300	Office of Naval Res	2,280,482	24,494
12.300	Nav Postgraduate School	358,394	-
12.300	Navy Research Lab	14,144	-
12.351	Defense Threat Reduction Agency	1,288,917	423,772
12.420	Army Medical Res & Materiel Command	17,302	-
12.420	Army Medical Res Acquisition Activity	2,226,435	132,997
12.431	Army Res Office	2,364,589	784,853
12.431	Army Research, Development and Eng Cmd	269,628	-
12.431	Army	75,317	2,601
12.RD	Secretary of Defense Historical Office	38,292	-
12.RD	Air Force Research Laboratory	772,866	13,616
12.RD	Air Force Institute of Technology	15,609	-
12.RD	Army	79,879	-
12.RD	Army Corps of Engineers	193,470	32,740
12.RD	Army Natick Res, Dev & Eng Ctr	2,742	-
12.RD	Army Research, Development and Eng Cmd	65,228	-
12.RD	Naval Medical Res Center	14,712	-
12.RD	US Special Operations Command	17,606	-
12.RD	Nat Geospatial-Intelligence Agcy	72,944	3,294
12.RD	Nat Reconnaissance Office	170,226	61,300
12.RD	Defense Threat Reduction Agency	114,868	-
12.630	Nat Geospatial-Intelligence Agcy	88,912	-
12.630	Army Engineer Research and Dev Center	63,557	-
12.750	Uniformed Services Univ Health Sci's	7,443	-
12.800	Air Force Research Laboratory	1,772,604	840,608
12.800	Air Force Academy	916,799	-
12.800	Air Force Office of Scientific Res	4,097,045	808,647
12.901	Nat Security Agency	35,241	-
12.902	Nat Security Agency	556	-
12.910	Defense Advanced Res Projects Agency	98,848	-
<b>Total Department of Defense Direct Awards</b>		<b>17,534,655</b>	<b>3,128,922</b>
<b>Department of Housing and Urban Development</b>			
14.506	Dept of Housing & Urban Dev	65,713	-
<b>Total Department of Housing and Urban Development Direct Awards</b>		<b>65,713</b>	<b>-</b>



**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Agency Sponsor	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster — Funds received directly from the following agencies			
<b>Department of the Interior</b>			
15.229	Bureau of Land Management	95,031	-
15.232	Bureau of Land Management	196,736	39,057
15.608	US Fish and Wildlife Service	17,358	-
15.657	US Fish and Wildlife Service	145,370	-
15.805	US Geological Survey	108,799	53,363
<b>Total Department of the Interior Direct Awards</b>		<b>563,294</b>	<b>92,420</b>
<b>Department of Justice</b>			
16.560	National Institute of Justice	28,052	-
<b>Total Department of Justice</b>		<b>28,052</b>	<b>-</b>
<b>Department of Labor</b>			
17.RD	Bureau of Labor Statistics	11,138,122	8,325,555
<b>Total Department of Labor</b>		<b>11,138,122</b>	<b>8,325,555</b>
<b>Department of State</b>			
19.040	US Consulate General Public Affairs Sec	14,397	-
19.408	Bureau of Educ & Cultural Affairs	(11,380)	-
<b>Total Department of State</b>		<b>3,017</b>	<b>-</b>
<b>Department of Transportation</b>			
20.108	Federal Aviation Administration	495,202	-
20.109	Federal Aviation Administration	806,485	13,039
20.701	US Department of Transportation	978,734	383,246
20.RD	Federal Aviation Administration	5,848	-
20.RD	Nat Highway Traffic Safety Admin	670,630	-
<b>Total Department of Transportation Direct Awards</b>		<b>2,956,899</b>	<b>396,285</b>
<b>National Aeronautics and Space Administration</b>			
43.001	NASA Headquarters	1,070,572	57,364
43.001	Nat Aeronautics & Space Admin	1,554,933	140,552
43.001	Goddard Space Flight Center	1,697,201	490,720
43.002	NASA Headquarters	353,609	-
43.002	Nat Aeronautics & Space Admin	14,517	-
43.008	NASA Headquarters	154,030	-

**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Agency Sponsor	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —			
Funds received directly from the following agencies			
43.008	Nat Aeronautics & Space Admin	246,006	-
43.009	Nat Aeronautics & Space Admin	15,756	-
43.RD	Jet Propulsion Lab	24,999	-
<b>Total National Aeronautics and Space Administration Direct Awards</b>		<b>5,131,623</b>	<b>688,636</b>
<b>National Endowment for the Humanities</b>			
45.024	National Endowment For The Arts	12,322	-
45.149	National Endowment For The Humanities	9,991	-
45.161	National Endowment For The Humanities	14,116	-
45.169	National Endowment For The Humanities	28,294	-
45.301	Institute Of Museum And Library Services	15,498	-
<b>Total National Endowment for the Humanities Direct Awards</b>		<b>80,221</b>	<b>-</b>
<b>National Science Foundation</b>			
47.041	NSF Div Civil, Mechanical & manufact Innv	2,617,189	195,703
47.041	NSF Div Engineering Education&Centers	328,579	-
47.041	NSF Div Chem, Bioeng, Environ, & Trnsp S	1,752,701	11,943
47.041	NSF DIV Elect, Comm, & CyberSystems	1,760,500	91,176
47.041	NSF Industrial Innovation & Partnerships	897,291	-
47.041	NSF Div Info and Intelligent Systems	55,069	-
47.041	NSF Div Emerging Frontiers	574,245	306,018
47.049	NSF Div Civil, Mechanical & manufact Innv	255,305	-
47.049	NSF DIV Elect, Comm, & CyberSystems	260,790	112,214
47.049	NSF Div Materials Research	5,040,625	438,610
47.049	NSF Div Mathematical Sciences	5,170,302	-
47.049	NSF Div Physics	1,529,492	-
47.049	NSF Div Astronomical Sciences	1,042,322	17,995
47.049	NSF Div Chemistry	2,173,784	94,009
47.049	NSF Div Design &Manufacturing Innovation	12,572	-
47.050	NSF Div Polar Programs	1,078,460	46,710
47.050	NSF Div Earth Sciences	989,497	114,992
47.050	NSF Div Ocean Sciences	483,016	43,849
47.050	NSF Div Atmospheric Sciences	820,995	-
47.050	NSF Geosciences	128,135	-
47.070	NSF DIV Elect, Comm, & CyberSystems	196,052	-
47.070	NSF Div Info and Intelligent Systems	2,084,673	19,454
47.070	NSF Div of Computer & Network Systems	2,818,656	-
47.070	NSF Div Computing & Communication Fdn	2,083,923	-
47.070	NSF Computer & Info Sciences & Eng	55,230	-
47.070	NSF Div Advanced Cyberinfrastructure	482,557	-

**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Agency Sponsor	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —			
Funds received directly from the following agencies			
47.074	NSF Div Emerging Frontiers	173,140	-
47.074	NSF Biological Infrastructure	1,247,011	17,662
47.074	NSF Molecular & Cellular Biosciences	1,662,428	23,236
47.074	NSF Environmental Biology	1,474,792	10,739
47.074	NSF Integrative Organismal Biology	1,973,624	147,756
47.074	NSF Biological Sciences	76,361	43,371
47.075	NSF Social, Behavioral & Economic Res	1,291,767	86,574
47.075	NSF Behavioral & Cognitive Sciences	1,132,349	115,643
47.075	NSF Social & Economic Sciences	866,384	1,511
47.075	Nat Science Foundation	1,055	-
47.075	NSF Social, Behavioral & Economic Sci	75,988	-
47.075	NSF Nat Ctr for Sci and Eng Stats	749	-
47.076	NSF Div Human Resource Development	606,936	280,377
47.076	NSF Div Undergraduate Education	426,143	-
47.076	NSF Education & Human Resources	750,560	27,273
47.076	NSF Div Graduate Educ & Res Development	1,318,389	27,292
47.076	NSF Div of Research on Learning	225,883	-
47.078	NSF Div Polar Programs	684,543	112,207
47.079	NSF Ofc of International Science & Eng	287,014	66,535
47.079	NSF Office of Integrative Activities	75,360	-
47.080	NSF Office of Cyberinfrastructure	470,542	24,215
47.RD	NSF Computer & Info Sciences & Eng	202,139	-
47.RD	NSF Office of Integrative Activities	616,107	-
<b>Total National Science Foundation Direct Awards</b>		<b>50,331,224</b>	<b>2,477,064</b>
<b>Veterans Affairs</b>			
64.RD	Veterans Affairs	19,004	-
64.RD	James A. Haley Veterans' Hospital	13,812	-
<b>Total Veterans Affairs Direct Awards</b>		<b>32,816</b>	<b>-</b>
<b>Environmental Protection Agency</b>			
66.RD	Environmental Protection Agency	78,102	-
66.509	Environmental Protection Agency	54,458	5,149
<b>Total Environmental Protection Agency Direct Awards</b>		<b>132,560</b>	<b>5,149</b>
<b>Nuclear Regulatory Commission</b>			
77.006	Nuclear Regulatory Commission	95,765	-
77.008	Nuclear Regulatory Commission	451,332	-
77.009	Nuclear Regulatory Commission	45,877	-

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CFDA Number	Federal Agency Sponsor	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster — Funds received directly from the following agencies			
<b>Total Nuclear Regulatory Commission Direct Awards</b>		<b>592,974</b>	<b>-</b>
<b>Department of Energy</b>			
81.049	US Department of Energy	6,838,087	25,000
81.057	Nat Energy Tech Lab	14,127	-
81.086	US Department of Energy	28,232	-
81.086	Nat Energy Tech Lab	641,551	55,000
81.087	US Department of Energy	537,165	116,793
81.089	US Department of Energy	158,185	-
81.089	Nat Energy Tech Lab	2,215,762	205,614
81.112	Nat Nuclear Security Admin	110,898	-
81.117	Nat Energy Tech Lab	118,487	-
81.121	US Department of Energy	2,106,260	483,908
81.RD	US Department of Energy	201,643	-
81.RD	Lawrence Berkeley National Laboratory	40,589	-
81.RD	Lawrence Livermore National Laboratory	22,417	-
81.RD	Oak Ridge Nat Lab	7,717	-
81.RD	Fermi National Accelerator Laboratory	209,392	-
<b>Total Department of Energy Direct Awards</b>		<b>13,250,512</b>	<b>886,315</b>
<b>Department of Education</b>			
84.015	US Department of Education	625,694	-
84.133	Nat Inst Disability & Rehabilitation Res	(61,832)	-
84.200	US Department of Education	151,928	-
84.220	US Department of Education	177,734	-
84.220	Ofc of Postsecondary Education	16,237	-
84.224	US Department of Education	(847)	-
84.229	US Department of Education	168,348	-
84.305	US Department of Education	688,444	140,388
84.305	Institute of Education Sciences	3,995,832	1,420,628
84.324	Institute of Education Sciences	984,691	187,826
84.325	US Department of Education	151,897	-
84.325	Office of Special Education Programs	107,667	-
84.336	US Department of Education	288,503	202,030
84.350	US Department of Education	2,888,718	1,916,375
84.396	ARRA US Department of Education	1,115,841	801,073
84.407	US Department of Education	450,936	77,997
84.411	US Department of Education	526,374	151,587
84.RD	Institute of Education Sciences	775	-

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CFDA Number	Federal Agency Sponsor	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —			
Funds received directly from the following agencies			
<b>Total Department of Education Direct Awards</b>		<b>12,276,940</b>	<b>4,897,904</b>
<b>Department of Health and Human Services</b>			
93.077	National Cancer Institute	4,800,241	267,805
93.103	Food and Dr Administration	145,497	-
93.110	Health Resources & Services Admin	864,930	148,542
93.113	Nat Inst of Environ Health Scis	1,909,374	79,158
93.121	Nat Inst of Dental & Craniofacial Res	3,212,420	428,234
93.172	National Human Genome Research Institute	135,686	87,758
93.173	Nat In Deafness&Other Commnctn Disorders	1,855,056	121,580
93.184	Centers for Disease Control & Prevention	290,247	47,594
93.213	Nat Ctr Complementary & Integrative Hlth	678,935	402,118
93.226	Agency for Healthcare Res & Quality	1,015,212	92,001
93.234	Administration for Community Living	19,372	-
93.242	National Institute of Mental Health	3,390,040	299,573
93.247	Health Resources & Services Admin	274,293	43,375
93.262	Centers for Disease Control & Prevention	281,236	-
93.262	Nat Inst Occupational Safety & Health	35,011	18,521
93.267	Health Resources & Services Admin	205,551	-
93.273	Nat Inst on Alcohol Abuse & Alcoholism	235,859	-
93.279	National Institute on Dr Abuse	2,046,028	9,947
93.286	Nat In Biomedical Imaging&Bioengineering	1,672,907	82,536
93.307	Nat Ctr Minority Hlth & Hlth Disparities	472,426	52,143
93.310	Nat Ctr for Advancing Translational Scis	39,918	-
93.318	Centers for Disease Control & Prevention	1,718	-
93.350	Nat Inst Gen Medical Scis	197,389	-
93.350	Nat Ctr for Advancing Translational Scis	5,613,360	600,393
93.351	Nat Inst of Health, Ofc of the Director	3,769,356	-
93.351	National Institutes of Health	(43)	-
93.359	Health Resources & Services Admin	110,328	-
93.361	National Institute of Nursing Research	2,477,749	24,319
93.389	Nat Inst Gen Medical Scis	(13,035)	-
93.389	Nat Center for Research Resources	740	-
93.393	National Cancer Institute	12,225,505	1,584,207
93.394	National Cancer Institute	3,060,865	830,528
93.395	National Cancer Institute	14,626,252	1,840,461
93.396	National Cancer Institute	8,773,129	821,787
93.397	National Cancer Institute	7,074,629	652,325
93.398	National Cancer Institute	3,098,212	-
93.399	National Cancer Institute	182,249	-
93.433	Administration for Community Living	437,315	9,843
93.464	Administration for Community Living	572,800	-

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CFDA Number	Federal Agency Sponsor	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —			
Funds received directly from the following agencies			
93.510	Health Resources & Services Admin	914,956	-
93.600	Admin Children, Youth, & Families	18,231	-
93.RD	US Department of Health & Human Services	56,311	-
93.632	Admin Developmental Disabilities	582,412	21,976
93.RD	National Institutes of Health	33,580	-
93.RD	National Cancer Institute	462,120	106,517
93.RD	National Heart, Lung, and Blood Inst	1,205,586	383,049
93.RD	Nat Inst Gen Medical Scis	59,833	-
93.RD	Nat Inst Neurological Disorders & Stroke	102,995	-
93.RD	Nat In Arthritis&Muscoskeletal&Skin Ds	11,822	-
93.RD	Centers for Disease Control & Prevention	(2,199)	-
93.837	National Heart, Lung, and Blood Inst	8,562,784	1,271,818
93.838	National Heart, Lung, and Blood Inst	1,822,701	57,273
93.839	National Heart, Lung, and Blood Inst	266,316	-
93.846	Nat In Arthritis&Muscoskeletal&Skin Ds	3,466,739	296,422
93.847	National Cancer Institute	129,113	-
93.847	Nat In Diabetes&Digestive&KidneyDiseases	2,490,320	473,943
93.853	Nat Inst Neurological Disorders & Stroke	9,407,639	427,101
93.855	Nat Inst of Allergy & Infectious Diseases	9,165,468	596,047
93.859	Nat Inst Gen Medical Scis	11,586,403	329,622
93.859	Nat Inst Child Health & HumanDevelopment	46,908	-
93.865	Nat Inst Child Health & HumanDevelopment	3,580,975	496,425
93.866	National Institute on Aging	1,912,995	106,380
93.867	National Eye Institute	4,340,994	501,356
93.879	National Library of Medicine	634,739	114,431
93.884	Health Resources & Services Admin	356,869	27,216
93.989	John E Fogarty International Center	111,345	-
<b>Total Department of Health and Human Services Direct Awards</b>		<b>147,116,712</b>	<b>13,754,324</b>
<b>Agency for International Development</b>			
98.001	Agency for Intl Dev	6,257,636	2,470,554
<b>Total Agency for International Development Direct Awards</b>		<b>6,257,636</b>	<b>2,470,554</b>
Subtotal of Research and Development Cluster funds received directly from federal agencies		<b>\$ 288,661,221</b>	<b>\$ 39,301,188</b>

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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —					
Pass-through from other sources:					
<b>Department of Agriculture</b>					
10.001	US Department of Agriculture	USDA Agricultural Res Service	40040200	\$ 36,892	\$ -
10.001	USDA Agricultural Res Service	Biotechnology Res & Dev Corp	10011994	67,045	-
10.001	USDA Agricultural Res Service	Univ of Illinois	22000009	107	-
10.001	USDA Agricultural Res Service	Univ of Arkansas	22000239	21,004	-
10.001	Intl Plant Nutrition Institute	USDA Agricultural Res Service	40040200	21,677	-
10.001	United Soybean Board	USDA Agricultural Res Service	40040200	43,430	-
10.170	Agricultural Marketing Service	Ohio Department Of Agriculture	26390000	103,746	-
10.170	US Department of Agriculture	Ohio Department Of Agriculture	26390000	64,409	-
10.200	National Institute of Food & Agriculture	Iowa State Univ	22000047	155,599	-
10.200	National Institute of Food & Agriculture	Michigan State Univ	22000044	39,408	-
10.200	National Institute of Food & Agriculture	Univ of Maine at Orono	22000048	6,022	-
10.200	National Institute of Food & Agriculture	Rutgers Univ	22000003	16,401	-
10.200	National Institute of Food & Agriculture	Purdue Univ	22000002	5,795	-
10.200	US Department of Agriculture	Ctr for Innovative Food Technology	20022201	5,142	-
10.215	National Institute of Food & Agriculture	Iowa State Univ	22000047	3,248	-
10.215	National Institute of Food & Agriculture	Univ of Minnesota	22000067	90,818	-
10.217	National Institute of Food & Agriculture	Cornell University	22000081	23,634	-
10.217	National Institute of Food & Agriculture	West Virginia Univ	22000032	12,848	-
10.217	National Institute of Food & Agriculture	Texas A & M Univ	22000053	19,374	-
10.250	US Department of Agriculture	Cornell University	22000081	17,525	-
10.303	National Institute of Food & Agriculture	Michigan State Univ	22000044	13,750	-
10.304	National Institute of Food & Agriculture	Michigan State Univ	22000044	39,451	-
10.307	National Institute of Food & Agriculture	Rutgers Univ	22000003	25,913	-
10.309	National Institute of Food & Agriculture	USDA Agricultural Res Service	40040200	117,562	-
10.309	National Institute of Food & Agriculture	Iowa State Univ	22000047	31,657	-
10.309	National Institute of Food & Agriculture	Virginia Polytechnic Inst	22000023	62,541	-
10.309	National Institute of Food & Agriculture	North Carolina State Univ	22000136	160,068	-
10.309	National Institute of Food & Agriculture	Univ of Maryland	22000120	87,315	-
10.309	National Institute of Food & Agriculture	Univ of Florida	22000108	42,723	-
10.310	National Institute of Food & Agriculture	USDA Agricultural Res Service	40040200	1,817	-
10.310	National Institute of Food & Agriculture	Iowa State Univ	22000047	812,376	50,000
10.310	National Institute of Food & Agriculture	Michigan State Univ	22000044	13,167	-
10.310	National Institute of Food & Agriculture	Univ of Maine at Orono	22000048	50,583	-
10.310	National Institute of Food & Agriculture	Purdue Univ	22000002	44,986	-
10.310	National Institute of Food & Agriculture	Cornell University	22000081	144,756	-
10.310	National Institute of Food & Agriculture	Texas A & M Univ	22000053	42,396	-
10.310	National Institute of Food & Agriculture	North Carolina State Univ	22000136	59,422	-
10.310	National Institute of Food & Agriculture	Univ of California - Davis	22000013	289,473	-
10.310	National Institute of Food & Agriculture	Kansas State Univ	22000062	395,910	-
10.310	National Institute of Food & Agriculture	Univ of Delaware	22000138	267,097	-
10.310	National Institute of Food & Agriculture	Pennsylvania State Univ	22000030	26,077	-
10.310	National Institute of Food & Agriculture	Univ at Buffalo	22000240	78,300	-

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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster — Pass-through from other sources:					
10.310	National Institute of Food & Agriculture	South Dakota State University	22000262	77,917	-
10.310	National Institute of Food & Agriculture	Univ of Houston	22000092	40,053	-
10.310	National Institute of Food & Agriculture	Auburn University	22000266	86	-
10.310	National Institute of Food & Agriculture	Univ of Missouri	22000073	44,008	-
10.310	National Institute of Food & Agriculture	Univ of Nebraska	22000085	49,815	-
10.310	National Institute of Food & Agriculture	Colorado State Univ	22000110	2,355	-
10.330	National Institute of Food & Agriculture	Univ of Maryland	22000120	13,560	-
10.330	National Institute of Food & Agriculture	Univ of Tennessee	22000010	20,030	-
10.500	National Institute of Food & Agriculture	Virginia Polytechnic Inst	22000023	66,600	-
10.500	National Institute of Food & Agriculture	Univ of Wisconsin	22000006	7,871	-
10.902	Natural Resources Conservation Service	The Nature Conservancy	20020999	15,867	-
10.912	Natural Resources Conservation Service	Quasar energy group	10020235	(4,498)	-
<b>Total Department of Agriculture Pass-Through Awards</b>				<b>3,895,128</b>	<b>50,000</b>
<b>Department of Commerce</b>					
11.417	Nat Oceanic & Atmospheric Admin	Univ of Michigan	22000005	4,152	-
11.419	Nat Oceanic & Atmospheric Admin	OH Dept of Natural Resources	26110000	64,110	-
11.420	Nat Oceanic & Atmospheric Admin	OH Division of Wildlife	26110100	14,902	-
11.RD	Nat Inst of Standards & Tech	ARRA Wiklund Research & Design	10013399	(971)	-
11.431	Nat Oceanic & Atmospheric Admin	Purdue Univ	22000002	8,276	-
11.431	Nat Oceanic & Atmospheric Admin	Univ of Michigan	22000005	13	-
11.463	Nat Oceanic & Atmospheric Admin	The Nature Conservancy	20020999	21,893	-
11.620	Nat Inst of Standards & Tech	Edison Welding Inst Inc	10011218	10,509	-
<b>Total Department of Commerce Pass-Through Awards</b>				<b>122,884</b>	<b>-</b>
<b>Department of Defense</b>					
12.114	Missile Defense Agency	San Diego Composites, Inc.	10013538.000	810	-
12.118	US Department of Defense	OH Division of Wildlife	26110100.000	10,341	-
12.225	US Department of Defense	Nat Ctr for Manufacturing Sci's	20021452.000	41,669	-
12.300	Office of Naval Res	Cornell University	22000081.000	7,500	-
12.300	Office of Naval Res	Univ of California - Santa Barbara	22000315.000	276,603	-
12.300	Office of Naval Res	Univ of Notre Dame	22000140.000	457,555	-
12.330	Office of Naval Res	Am Lightweight Materials Innovation Inst	20022269.000	1,492,903	-
12.351	Defense Threat Reduction Agency	Univ of Nebraska	22000085.000	83,587	-
12.351	Defense Threat Reduction Agency	Univ of California - Santa Barbara	22000315.000	43,024	-
12.420	Army Medical Res & Materiel Command	BioPhyZica, Inc	10013257.000	20,942	-
12.420	Army Medical Res & Materiel Command	Tulane University	22000372.000	15,051	-
12.420	Army Medical Res Acquisition Activity	Purdue Univ	22000002.000	3,818	-
12.420	Army Medical Res Acquisition Activity	Icahn School of Medicine at Mount Sinai	22010031.000	28,730	-
12.420	Army Medical Res Acquisition Activity	Henry M Jackson Fdn	20010473.000	262,059	-
12.420	Army Medical Res Acquisition Activity	Henry M Jackson Fdn for the Advn Mil Med	20012161.000	107,699	-



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Research and Development Cluster —					
Pass-through from other sources:					
12.420	Army Medical Res Acquisition Activity	Univ of Pittsburgh	22000036.000	42,741	-
12.420	Army Medical Res Acquisition Activity	Wake Forest Univ	22000286.000	127,351	-
12.420	Army Medical Res Acquisition Activity	Johns Hopkins Univ	22000133.000	63	-
12.420	National Institutes of Health	Army Medical Res Acquisition Activity	50022700.000	612,424	-
12.420	US Department of Defense	Research Institute at Nationwide Childrn	20010182.000	(12,381)	-
12.431	Army Res Office	Univ of California - Davis	22000013.000	126,403	-
12.431	Army Res Office	Univ of Chicago	22000018.000	14,579	-
12.431	Army Res Office	Univ of California - Los Angeles	22000269.000	49,832	-
12.431	Army Res Office	Georgia Inst of Tech	22000189.000	19,119	-
12.431	Army Res Office	Univ of South Carolina	22000241.000	23,115	-
12.431	Army Res Office	Kent State Univ	22000235.000	26,950	-
12.431	Army Research, Development and Eng Cmd	Cornell University	22000081.000	158,855	-
12.431	Army Research, Development and Eng Cmd	Virginia Polytechnic Inst	22000023.000	206,107	-
12.431	Defense Advanced Res Projects Agency	Rice University	22000231.000	(43,602)	-
12.431	US Department of Defense	Univ of Michigan	22000005.000	203,697	-
12.RD	US Department of Defense	Northrop Grumman Corp	10011657.000	78,525	-
12.RD	US Department of Defense	High Performance Technologies Inc	10012364.000	122,184	-
12.RD	US Department of Defense	Engility Corporation	10013615.000	142,663	-
12.RD	US Department of Defense	BioFire Defense	10013711.000	1,819	-
12.RD	US Department of Defense	Tetra Tech EM Inc.	10011785.000	6,783	-
12.RD	Air Force	PaneraTech Inc.	10013192.000	179,034	-
12.RD	Air Force	Universal Tech Corp	10011471.000	127,546	-
12.RD	Air Force	UES Inc	10020049.000	26,197	-
12.RD	Air Force	Hyper Tech Res Inc	10020102.000	56,997	-
12.RD	Air Force	Massachusetts Inst Tech - Lincoln Lab	22000228.000	225,838	-
12.RD	Air Force	Defense Engineering Corporation	10020364.000	(5,267)	-
12.RD	Air Force	Leidos, Inc	10013531.000	127,002	-
12.RD	Air Force	TallannQuest	10013547.000	8,081	-
12.RD	Air Force Materiel Command	Univ of North Texas	22000124.000	(1,735)	-
12.RD	Air Force Materiel Command	Aptima, Inc.	10013496.000	171,154	-
12.RD	Air Force Materiel Command	Battelle Memorial Inst	20020012.000	16,811	-
12.RD	Air Force Office of Scientific Res	RNET Technologies	10012505.000	35,027	-
12.RD	Air Force Research Laboratory	Northrop Grumman Corp	10011657.000	160,216	-
12.RD	Air Force Research Laboratory	PaneraTech Inc.	10013192.000	43,937	-
12.RD	Air Force Research Laboratory	Universal Tech Corp	10011471.000	14,621	-
12.RD	Air Force Research Laboratory	UES Inc	10020049.000	163,447	-
12.RD	Air Force Research Laboratory	Massachusetts Inst Tech - Lincoln Lab	22000228.000	18,183	-
12.RD	Air Force Research Laboratory	Defense Engineering Corporation	10020364.000	80,085	-
12.RD	Air Force Research Laboratory	Leidos, Inc	10013531.000	(8,391)	-
12.RD	Air Force Research Laboratory	TallannQuest	10013547.000	40,389	-
12.RD	Air Force Research Laboratory	RNET Technologies	10012505.000	38,662	-
12.RD	Air Force Research Laboratory	Dayton Area Graduate Studies Inst	20021372.000	71,389	-
12.RD	Air Force Research Laboratory	Honeywell International Inc	10011512.000	1,006	-

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Research and Development Cluster —					
Pass-through from other sources:					
12.RD	Air Force Research Laboratory	Univ of Toledo	22000277.000	13,594	-
12.RD	Air Force Research Laboratory	Innovative Scientific Solutions Inc	10020096.000	26,814	-
12.RD	Air Force Research Laboratory	Rockwell Collins, Inc	10012888.000	98,858	-
12.RD	Air Force Research Laboratory	Metron, Inc.	10013243.000	260,020	-
12.RD	Air Force Research Laboratory	Voss Scientific, LLC	10013299.000	138,602	-
12.RD	Air Force Research Laboratory	L-3 Communications	10013079.000	85,121	-
12.RD	Air Force Research Laboratory	XCOM Wireless, Inc.	10013301.000	73,012	-
12.RD	Air Force Research Laboratory	Wright State Applied Research Corp	20022222.000	719	-
12.RD	Air Force Research Laboratory	Circular Logic	10013510.000	31,143	-
12.RD	Air Force Research Laboratory	Technology Service Corporation	10012408.000	292	-
12.RD	Air Force Research Laboratory	Syntonics LLC	10012399.000	104,517	-
12.RD	Air Force Research Laboratory	Wyle Laboratories	10012528.000	252,510	-
12.RD	Air Force Research Laboratory	BerrieHill Research Corp	10020202.000	200,422	-
12.RD	Air Force Research Laboratory	SolAero Technologies, Corp.	10013592.000	91,323	-
12.RD	Air Force Research Laboratory	MetroLaser Inc	10012538.000	37,218	-
12.RD	Air Force Research Laboratory	EDaptive Computing, Inc	10020211.000	98,910	-
12.RD	Air Force Research Laboratory	GE Aviation Systems, LLC	10030085.000	13,998	-
12.RD	Air Force Research Laboratory	Riverside Research Institute	20020997.000	43,780	-
12.RD	Air Force Research Laboratory	The Design Knowledge Co	10020158.000	52,971	-
12.RD	Air Force Research Laboratory	IRflex Corporation	10013622.000	38,951	-
12.RD	Air Force Research Laboratory	Univ of Dayton	22000008.000	80,410	-
12.RD	Air Force Research Laboratory	Ahmic Aerospace LLC	10020384.000	58,336	-
12.RD	Air Force Research Laboratory	Ohio Aerospace Inst	20021048.000	2,616	-
12.RD	Air Force Research Laboratory	Tennessee State Univ	22000397.000	11,343	-
12.RD	Army	Georgia Inst of Tech	22000189.000	123,371	-
12.RD	Army	Aptima, Inc.	10013496.000	35,841	-
12.RD	Army	Honeywell International Inc	10011512.000	24,630	-
12.RD	Army	Asymmetric Technologies, LLC	10020310.000	113,112	-
12.RD	Army	US Technology Corporation	10020378.000	88,091	-
12.RD	Army Contracting Command	Nat Energetics	10013450.000	285,088	-
12.RD	Army Res Office	Battelle Memorial Inst	20020012.000	4,683	-
12.RD	Missile Defense Agency	XCOM Wireless, Inc.	10013301.000	27,157	-
12.RD	Missile Defense Agency	Virtual EM	10013124.000	2,030	-
12.RD	Missile Defense Agency	Charles River Analytics Inc.	10011429.000	236,976	-
12.RD	Missile Defense Agency	Applied Radar, Inc.	10013259.000	93,878	-
12.RD	Missile Defense Agency	Advanced Heat Treat Corp	10013035.000	26,888	-
12.RD	Navy	Johns Hopkins Univ	22000133.000	429,922	147,498
12.RD	Navy	Scientific Systems Company, Inc.	10012390.000	78,071	-
12.RD	Navy	Applied EM, Inc	10012411.000	28,000	-
12.RD	Office of Naval Res	Univ of Michigan	22000005.000	324,777	-
12.RD	Office of Naval Res	Northrop Grumman Corp	10011657.000	30,606	-
12.RD	Office of Naval Res	Charles River Analytics Inc.	10011429.000	(822)	-
12.RD	Naval Health Research Center	Strategic Analysis, Inc.	10013512.000	(1,934)	-

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —					
Pass-through from other sources:					
12.RD	Defense Advanced Res Projects Agency	Northrop Grumman Corp	10011657.000	360,754	-
12.RD	Defense Advanced Res Projects Agency	RNET Technologies	10012505.000	78,324	-
12.RD	Defense Advanced Res Projects Agency	Univ of Maryland, Baltimore County	22000393.000	311,789	-
12.RD	Defense Advanced Res Projects Agency	Systems & Technology Research	10013305.000	28,578	-
12.RD	Defense Advanced Res Projects Agency	Teledyne Scientific & Imaging, LLC	10013456.000	173,542	-
12.RD	Defense Advanced Res Projects Agency	Boeing Co, The	10010013.000	411,747	-
12.RD	Defense Advanced Res Projects Agency	Raytheon BBN Technologies	10012357.000	195,730	-
12.RD	Defense Logistics Agency	Advanced Technology International	10012322.000	49,266	-
12.RD	Nat Reconnaissance Office	Lockheed Martin Corp	10010042.000	53,819	-
12.RD	Defense Threat Reduction Agency	Leidos, Inc	10013531.000	252,607	-
12.630	Air Force Research Laboratory	Dayton Area Graduate Studies Inst	20021372.000	47,426	-
12.630	Air Force Research Laboratory	Univ of Dayton	22000008.000	71,146	-
12.800	Air Force	Univ of California - Santa Barbara	22000315.000	42,002	-
12.800	Air Force	Research Institute at Nationwide Childrn	20010182.000	62,384	-
12.800	Air Force Office of Scientific Res	Univ of Michigan	22000005.000	108,763	-
12.800	Air Force Office of Scientific Res	Univ of New Mexico	22000056.000	133,790	-
12.800	Air Force Office of Scientific Res	Indiana Univ	22000012.000	7,234	-
12.800	Air Force Office of Scientific Res	Florida State Univ	22000070.000	96,802	-
12.800	Air Force Office of Scientific Res	Univ of Central Florida	22010046.000	251,223	-
12.800	Air Force Office of Scientific Res	Syracuse University	22000045.000	98,997	-
12.800	Air Force Research Laboratory	Dayton Area Graduate Studies Inst	20021372.000	14,578	-
12.800	Air Force Research Laboratory	The State University of New York	22000042.000	28,130	-
12.910	Defense Advanced Res Projects Agency	Univ of Illinois	22000009.000	80,174	-
<b>Total Department of Defense Pass-Through Awards</b>				<b>13,074,397</b>	<b>147,498</b>
<b>Department of the Interior</b>					
15.232	Bureau of Land Management	Univ of Washington	22000212	5,225	-
15.608	US Fish and Wildlife Service	Columbus Zoo	24000299	7,604	-
15.622	US Fish and Wildlife Service	OH Division of Wildlife	26110100	126,075	-
15.634	US Fish and Wildlife Service	OH Division of Wildlife	26110100	872,744	-
15.657	US Fish and Wildlife Service	OH Division of Wildlife	26110100	33,587	-
15.662	US Fish and Wildlife Service	The Nature Conservancy	20020999	5,534	-
15.662	US Fish and Wildlife Service	Northern Illinois Univ	22000333	1,327	-
15.805	US Geological Survey	Univ of Illinois	22000009	2,993	-
15.808	US Geological Survey	Southern Illinois Univ	22000055	584	-
<b>Total Department of the Interior Pass-Through Awards</b>				<b>1,055,673</b>	<b>-</b>
<b>Department of Labor</b>					
17.261	US Department of Labor	OH Dept of Job & Family Services	26630000	292,237	-
17.283	US Department of Labor	OH Dept of Job & Family Services	26630000	36,722	-
17.283	US Department of Labor	Wargo-Brock Workforce Dimensions LLC	10020314	114,579	-

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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster — Pass-through from other sources:					
17.RD	US Department of Labor	New Growth Group, LLC	10020372	73,125	-
17.RD	Bureau of Labor Statistics	Nat Opinion Res Ctr	20020932	3,168,664	-
<b>Total Department of Labor Pass-Through Awards</b>				<b>3,685,327</b>	<b>-</b>
<b>Department of State</b>					
19.021	US Department of State	Institute of International Education	20021662	20,130	-
19.401	US Department of State	Institute of International Education	20021662	82,982	-
<b>Total Department of State Pass-Through Awards</b>				<b>103,112</b>	<b>-</b>
<b>Department of Transportation</b>					
20.109	Federal Aviation Administration	Mississippi State Univ	22000196	1,182	-
20.701	US Department of Transportation	Purdue Univ	22000002	408,791	35,923
20.761	US Department of Transportation	Iowa State Univ	22000047	77,056	-
20.RD	US Department of Transportation	Intelligent Automation, Inc	10012597	46,757	-
20.RD	Nat Highway Traffic Safety Admin	Leidos, Inc	10013531	33,672	-
20.RD	Nat Highway Traffic Safety Admin	Indiana Univ-Purdue Univ Indianapolis	22010034	446	-
<b>Total Department of Transportation Pass-Through Awards</b>				<b>567,904</b>	<b>35,923</b>
<b>National Aeronautics and Space Administration</b>					
43.001	NASA Headquarters	Smithsonian Astrophysical Observatory	30060200	181,087	-
43.001	Nat Aeronautics & Space Admin	Univ of Houston	22000092	70,559	-
43.001	Nat Aeronautics & Space Admin	Univ of California - Los Angeles	22000269	154,224	-
43.001	Nat Aeronautics & Space Admin	Univ of Washington	22000212	116,453	-
43.001	Nat Aeronautics & Space Admin	Arizona State Univ	22000109	35,897	-
43.001	Nat Aeronautics & Space Admin	Nat Aeronautics & Space Admin	33000000	11,863	-
43.001	Marshall Space Flight Center	Smithsonian Astrophysical Observatory	30060200	12,913	-
43.002	NASA Headquarters	Univ of Illinois	22000009	69,360	-
43.003	Nat Aeronautics & Space Admin	Nat Space Grant Foundation	20022037	4,721	-
43.RD	Nat Aeronautics & Space Admin	Univ of Michigan	22000005	148,291	-
43.RD	Nat Aeronautics & Space Admin	Johns Hopkins Univ	22000133	6,826	-
43.RD	Nat Aeronautics & Space Admin	Innovative Scientific Solutions Inc	10020096	96,164	-
43.RD	Nat Aeronautics & Space Admin	Micro Cooling Concepts	10013309	7,994	-
43.RD	Nat Aeronautics & Space Admin	Vantage Partners, LLC	10013302	253,096	-
43.RD	Nat Aeronautics & Space Admin	Jet Propulsion Lab	33000303	240,436	15,250
43.RD	Nat Aeronautics & Space Admin	Simpson Weather Associates, Inc.	10013394	56,467	-
43.RD	NASA Headquarters	Hyper Tech Res Inc	10020102	44,142	-
43.RD	NASA Headquarters	Jet Propulsion Lab	33000303	265,869	10,537
43.RD	NASA Headquarters	Space Telescope Sci Inst	20021006	156,226	-
43.RD	NASA Headquarters	ASCA Inc.	10013503	227,130	-
43.RD	Jet Propulsion Lab	Johns Hopkins Univ	22000133	10,131	-

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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —					
Pass-through from other sources:					
<b>Total National Aeronautics and Space Administration Pass-Through Awards</b>				<b>2,169,849</b>	<b>25,787</b>
<b>National Science Foundation</b>					
47.041	NSF Industrial Innovation & Partnerships	Univ at Albany	22000382	7,274	-
47.041	NSF Industrial Innovation & Partnerships	EnergyEne	10020326	(8,470)	-
47.041	NSF Industrial Innovation & Partnerships	Ohio Surgical Optics, LLC	10020350	106,117	-
47.041	NSF Div Chem, Bioeng, Environ, & Trnsp S	Univ of Minnesota	22000067	10,318	-
47.041	NSF Div Chem, Bioeng, Environ, & Trnsp S	Univ of Nebraska	22000085	2,094	-
47.041	NSF Div Chem, Bioeng, Environ, & Trnsp S	Georgia Tech Res Inst	22000245	(334)	-
47.047	NSF Div Chemistry	Univ of Minnesota	22000067	227,261	-
47.049	NSF Div Astronomical Sciences	National Research Council of Canada	28010502	20,383	-
47.049	NSF Div Chemistry	Univ of California - San Diego	22000288	109,771	-
47.049	NSF Div Mathematical Sciences	Univ of California - Davis	22000013	59,689	-
47.049	NSF Div Physics	Univ of California - Santa Cruz	22000369	5,039	-
47.049	NSF Div Physics	Princeton Univ	22000289	194,150	-
47.049	NSF Div Physics	Univ of Cincinnati	22000074	45,816	-
47.049	NSF Div Physics	American Physical Society	20021996	25,180	-
47.049	NSF Div Materials Research	Univ of California - Davis	22000013	4,251	-
47.049	NSF Div Materials Research	Univ of California - Santa Barbara	22000315	54,634	-
47.049	NSF Div Materials Research	Brown University	22000284	70,316	-
47.050	NSF Div Ocean Sciences	Consortium for Ocean Leadership, Inc	20021599	9,482	-
47.050	NSF Div Atmospheric Sciences	Texas A & M Univ	22000053	90,407	-
47.050	NSF Div Atmospheric Sciences	Univ Corp for Atmospheric Res	20020793	18,327	-
47.050	NSF Div Polar Programs	Univ of Minnesota	22000067	82,278	-
47.050	NSF Div Polar Programs	Univ of Colorado	22000039	121,926	-
47.050	NSF Div Polar Programs	Univ of Texas at Austin	22000270	1,245	-
47.050	NSF Geosciences	Univ of Minnesota	22000067	3,020	-
47.070	NSF Div of Computer & Network Systems	Univ of Missouri	22000073	14,128	-
47.070	NSF Office of Cyberinfrastructure	Univ of Illinois	22000009	260,284	-
47.070	NSF Office of Integrative Activities	Univ of Akron	22000066	5,867	-
47.070	NSF Div Info and Intelligent Systems	Univ of Wisconsin	22000006	69,127	-
47.074	NSF Environmental Biology	Colorado State Univ	22000110	(4,167)	-
47.074	NSF Environmental Biology	Georgia Southern University	22000365	734	-
47.074	NSF Environmental Biology	Univ of North Carolina	22000146	10,991	-
47.074	NSF Biological Sciences	Univ of Florida	22000108	83,477	-
47.074	NSF Biological Sciences	Univ of Tennessee	22000010	2,531	-
47.074	NSF Integrative Organismal Biology	Carnegie Institution of Washington	22000354	82,836	-
47.075	Nat Science Foundation	Univ of Colorado	22000039	2,831	-
47.075	NSF Social & Economic Sciences	Arizona State Univ	22000109	1,078	-
47.075	NSF Social & Economic Sciences	Univ of North Carolina	22000146	19,900	-
47.075	NSF Social, Behavioral & Economic Res	Univ of California - Merced	22000385	8,812	-
47.075	NSF Social, Behavioral & Economic Sci	Univ of Utah	22000145	6,584	-

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Research and Development Cluster —					
Pass-through from other sources:					
47.075	NSF Behavioral & Cognitive Sciences	Univ of California - Santa Barbara	22000315	18,430	-
47.076	NSF Div Human Resource Development	American Physical Society	20021996	74,302	-
47.076	NSF Div Human Resource Development	North Dakota State Univ	22000263	643	-
47.076	NSF Div of Research on Learning	Univ of Cincinnati	22000074	67,669	-
47.076	NSF Div of Research on Learning	Center of Science and Industry	20021167	52,653	-
47.076	NSF Div Undergraduate Education	Univ of Cincinnati	22000074	115,688	-
47.076	NSF Div Undergraduate Education	Bowling Green State University	22000221	1,824	-
47.076	NSF Education & Human Resources	National Federation of the Blind	20022130	90,423	-
47.078	NSF Div Polar Programs	Univ of Texas at Austin	22000270	60,931	-
47.079	NSF Ofc of International Science & Eng	Civilian Res & Dev Fdn	20012104	10,294	-
47.080	NSF Office of Cyberinfrastructure	Univ of Illinois	22000009	86,425	-
47.080	NSF Office of Cyberinfrastructure	Univ of Texas at Austin	22000270	156,508	-
47.080	NSF Office of Integrative Activities	Univ of Akron	22000066	3,252	-
47.082	NSF Div of Computer & Network Systems	ARRA Drexel Univ	22000246	(20,535)	-
47.082	NSF Div Computing & Communication Fdn	ARRA Univ of California - Los Angeles	22000269	25,586	-
47.350	Nat Science Foundation	Georgia Inst of Tech	22000189	5,746	-
<b>Total National Science Foundation Pass-Through Awards</b>				<b>2,575,026</b>	<b>-</b>
<b>Department of Small business Administration</b>					
59.037	Small Business Administration	OH Development Services Agency	26140000	43,253	-
<b>Total Department of Small Business Administration Pass-Through Awards</b>				<b>43,253</b>	<b>-</b>
<b>Department of Veterans Affairs</b>					
64.RD	Veterans Affairs	Univ of Pittsburgh	22000036	51,027	-
<b>Total Department of Veterans Affairs Pass-Through Awards</b>				<b>51,027</b>	<b>-</b>
<b>Environmental Protection Agency</b>					
66.RD	Environmental Protection Agency	Battelle Memorial Inst	20020012	41,671	-
66.RD	Environmental Protection Agency	Res Triangle Inst	20020058	100,160	-
66.RD	Environmental Protection Agency	Univ of Illinois	22000009	17,865	-
66.RD	Environmental Protection Agency	Univ of Minnesota	22000067	6,570	-
66.RD	Environmental Protection Agency	The Nature Conservancy	20020999	5,542	-
66.RD	Environmental Protection Agency	OH Division of Wildlife	26110100	953	-
66.RD	Environmental Protection Agency	Lake Erie Comsn	26550000	2,513	-
66.RD	Environmental Protection Agency	OH Environ Protection Agency	26340000	59,104	-
66.RD	Environmental Protection Agency	OH Environ Protection Agency	26340000	22,320	-
66.RD	Environmental Protection Agency	California Dept Toxic Substances Control	24000543	10,004	-
<b>Total Environmental Protection Agency Pass-Through Awards</b>				<b>266,702</b>	<b>-</b>

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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —					
Pass-through from other sources:					
<b>Department of Nuclear Regulatory Commission</b>					
77.RD	Nuclear Regulatory Commission	Purdue Univ	22000002	89,941	-
77.RD	Nuclear Regulatory Commission	Edison Welding Inst Inc	10011218	41,192	-
<b>Total Nuclear Regulatory Commission Pass-Through Awards</b>				<b>131,133</b>	<b>-</b>
<b>Department of Energy</b>					
81.000	US Department of Energy	Case Western Reserve Univ	22000238	(196)	-
81.049	US Department of Energy	Michigan State Univ	22000044	7	-
81.049	US Department of Energy	Rutgers Univ	22000003	(2,164)	-
81.049	US Department of Energy	Cornell University	22000081	19,897	-
81.049	US Department of Energy	Univ of Florida	22000108	57,678	-
81.049	US Department of Energy	Univ of Michigan	22000005	149,305	-
81.049	US Department of Energy	RNET Technologies	10012505	145,936	-
81.049	US Department of Energy	MetroLaser Inc	10012538	198,334	-
81.049	US Department of Energy	Princeton Univ	22000289	274	-
81.049	US Department of Energy	Lambda Instruments, Inc.	10013169	(10,266)	-
81.049	US Department of Energy	Sinmat, Inc.	10013285	85,959	-
81.049	US Department of Energy	Tech4Imaging LLC	10020227	155,023	-
81.049	US Department of Energy	Louisiana State University	22000091	147,967	-
81.049	US Department of Energy	Techverse, Inc	10013544	14,460	-
81.086	US Department of Energy	US Automotive Material Partnership	10012073	249,387	-
81.086	US Department of Energy	General Motors Corp	10010246	39,578	-
81.086	US Department of Energy	GE Global Res	10011744	49,942	-
81.086	US Department of Energy	Intermolecular	10013655	62,167	-
81.087	US Department of Energy	Univ of Illinois	22000009	53,930	-
81.087	US Department of Energy	Univ of Michigan	22000005	382,142	-
81.087	US Department of Energy	Consortium Plant Biotechnology Res Inc	20021036	17,074	-
81.089	Nat Energy Tech Lab	West Virginia Univ	22000032	154,914	-
81.089	Nat Energy Tech Lab	Univ of Texas at Austin	22000270	227,249	-
81.089	US Department of Energy	Univ of Texas at Austin	22000270	89,988	-
81.089	US Department of Energy	GE Global Res	10011744	48,760	-
81.089	US Department of Energy	Babcock & Wilcox	10010026	41,048	4,354
81.089	US Department of Energy	General Electric Co	10010024	13,817	-
81.089	US Department of Energy	Howard Univ	22000290	(1,266)	-
81.121	US Department of Energy	Pennsylvania State Univ	22000030	18,941	-
81.121	US Department of Energy	Univ of Tennessee	22000010	30,888	-
81.121	US Department of Energy	Univ of Wisconsin	22000006	150,621	-
81.121	US Department of Energy	Georgia Inst of Tech	22000189	238,464	-
81.121	US Department of Energy	Arizona State Univ	22000109	86,510	-
81.121	US Department of Energy	Univ of Utah	22000145	25,234	-
81.121	US Department of Energy	Massachusetts Inst Tech	22000001	53,725	-
81.124	US Department of Energy	Univ of Illinois	22000009	179,708	-

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Research and Development Cluster —					
Pass-through from other sources:					
81.550	US Department of Energy	Hyper Tech Res Inc	10020102	13,634	-
81.550	US Department of Energy	Tech4Imaging LLC	10020227	96,763	-
81.550	US Department of Energy	Oak Ridge Nat Lab	55110000	64,331	-
81.550	US Department of Energy	Universities Res Assn Inc	20021485	134,615	-
81.550	US Department of Energy	Lawrence Berkeley National Laboratory	55080000	857,394	170,322
81.550	US Department of Energy	Univ of Idaho	22000016	121,054	-
81.550	US Department of Energy	Alliance for Sustainable Energy, LLC	20021831	129,644	-
81.550	US Department of Energy	Battelle Energy Alliance, LLC	20021641	433,592	-
81.550	US Department of Energy	Sandia Corp	10011170	28,947	-
81.550	US Department of Energy	UT-Battelle LLC	20021486	133,779	-
81.550	US Department of Energy	Pacific Northwest National Laboratory	20021070	182,007	-
81.550	US Department of Energy	Oak Ridge Associated Universities	20021205	(16)	-
81.550	US Department of Energy	Brookhaven Sci Assoc, LLC	20021624	69,021	-
81.550	US Department of Energy	Los Alamos Nat Lab	55050000	34,753	-
81.550	US Department of Energy	Spectral Energies, LLC	10020205	(9,818)	-
81.550	US Department of Energy	Engineering Mechanics Corp Of Columbus	10020135	86,659	-
81.550	US Department of Energy	Lawrence Livermore National Laboratory	55100000	55,214	-
81.550	US Department of Energy	UChicago Argonne, LLC	20021718	151,232	-
81.550	US Department of Energy	Global Res & Dev Inc	10020103	20,562	-
81.551	Los Alamos Nat Lab	Texas A & M Univ	22000053	19,949	-
<b>Total Department of Energy Pass-Through Awards</b>				<b>5,798,351</b>	<b>174,676</b>
<b>Department of Education</b>					
84.002	US Department of Education	OH Dept of Higher Education	26060000	951,032	89,382
84.048	US Department of Education	OH Dept of Educ	26080000	120,722	-
84.048	US Department of Education	Minnesota State Coll and Univs	22000407	6,163	-
84.126	Rehabilitation Services Admin	Opp for Ohioans with Disabilities	26120000	12,760	-
84.305	US Department of Education	Michigan State Univ	22000044	73,703	-
84.323	US Department of Education	OH Dept of Educ	26080000	153,981	-
84.324	US Department of Education	Univ of Kansas	22000219	111,309	-
84.325	US Department of Education	Salus University	22000322	84,938	-
84.366	US Department of Education	OH Dept of Higher Education	26060000	82,981	6,416
84.366	US Department of Education	OH Dept of Educ	26080000	2,764,000	282,657
84.366	US Department of Education	Miami Univ	22000049	(7,128)	-
84.367	US Department of Education	OH Dept of Higher Education	26060000	208,493	-
84.367	US Department of Education	Nat Writing Project Corp	20021378	7,886	-
84.367	US Department of Education	OH Dept of Educ	26080000	13,641	8,572
84.395	US Department of Education	ARRA OH Dept of Educ	26080000	941,509	379,217
84.412	US Department of Education	OH Dept of Educ	26080000	370,779	97,005
84.RD	US Department of Education	OH Dept of Educ	26080000	49,849	-
84.RD	Institute of Education Sciences	Virtual Learning Technologies	10013543	14,209	-



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Research and Development Cluster —					
Pass-through from other sources:					
<b>Total Department of Education Pass-Through Awards</b>				<b>5,960,827</b>	<b>863,249</b>
<b>Department of Health and Human Services</b>					
93.077	National Cancer Institute	Univ of Minnesota	22000067	357,878	-
93.077	National Cancer Institute	Univ of Maryland	22000120	249,307	-
93.077	National Cancer Institute	Univ of North Carolina	22000146	46,394	-
93.103	Food and Drug Administration	Univ of Florida	22000108	59,739	-
93.110	Health Resources & Services Admin	Research Institute at Nationwide Childrn	20010182	13,504	-
93.110	Health Resources & Services Admin	Massachusetts General Hospital	20021587	25,789	-
93.110	Health Resources & Services Admin	Assoc of Univ Centers on Disabilities	20021719	2,571	-
93.110	Maternal & Child Health Bureau	Hemophilia Fdn of Michigan	20021026	36,083	-
93.113	Nat Inst of Environ Health Scis	Univ of Maryland	22000120	32,555	-
93.113	Nat Inst of Environ Health Scis	Tulane University	22000372	2,104	-
93.113	Nat Inst of Environ Health Scis	Univ of Pittsburgh	22000036	(765)	-
93.113	Nat Inst of Environ Health Scis	Univ of Connecticut	22000076	59,205	-
93.113	Nat Inst of Environ Health Scis	Univ of Kentucky	22000143	35,033	-
93.117	Health Resources & Services Admin	Acad Consort Integrative Med & Health	20022292	15,844	-
93.121	Nat Inst of Dental & Craniofacial Res	Johns Hopkins Univ	22000133	98,911	-
93.121	Nat Inst of Dental & Craniofacial Res	Univ of California - Los Angeles	22000269	49,387	-
93.121	Nat Inst of Dental & Craniofacial Res	UT-Battelle LLC	20021486	281,645	-
93.121	Nat Inst of Dental & Craniofacial Res	LSU Health Sciences Center	22000381	162,710	-
93.121	Nat Inst of Dental & Craniofacial Res	Univ of Alabama at Birmingham	22000207	378,685	-
93.121	Nat Inst of Dental & Craniofacial Res	New York University	22000254	27,358	-
93.135	Centers for Disease Control & Prevention	OH Dept of Medicaid	26680000	(8,534)	-
93.136	Centers for Disease Control & Prevention	Research Institute at Nationwide Childrn	20010182	25,578	-
93.136	US Department of Health & Human Services	OH Dept of Health	26090000	25,436	4,329
93.145	Health Resources & Services Admin	Univ of Illinois	22000009	131,054	-
93.145	Health Resources & Services Admin	Univ of Pittsburgh	22000036	31,586	-
93.172	National Human Genome Research Institute	Univ of Michigan	22000005	104,446	-
93.172	National Human Genome Research Institute	Univ of North Carolina	22000146	70,050	-
93.172	National Human Genome Research Institute	Fred Hutchinson Cancer Research Center	20021734	21,905	-
93.173	Nat In Deafness&Other Commnctn Disorders	Univ of California - Davis	22000013	47,245	-
93.173	Nat In Deafness&Other Commnctn Disorders	Univ of Wisconsin	22000006	(4,762)	-
93.173	Nat In Deafness&Other Commnctn Disorders	Research Institute at Nationwide Childrn	20010182	375,542	14,548
93.173	Nat In Deafness&Other Commnctn Disorders	Univ of Pittsburgh	22000036	244,629	-
93.173	Nat In Deafness&Other Commnctn Disorders	Florida State Univ	22000070	85,143	-
93.173	Nat In Deafness&Other Commnctn Disorders	Oregon Health and Science University	22000252	104,141	-
93.173	Nat In Deafness&Other Commnctn Disorders	Northeast Ohio Medical University	22000350	1,337	-
93.184	Centers for Disease Control & Prevention	Hemophilia Fdn of Michigan	20021026	16,309	-
93.184	Centers for Disease Control & Prevention	Univ of Louisville	22000299	85,301	-
93.213	Nat Ctr Complementary & Integrative Hlth	Research Institute at Nationwide Childrn	20010182	30,004	-
93.213	Nat Ctr Complementary & Integrative Hlth	Massachusetts General Hospital	20021587	29,241	-
93.213	Nat Ctr Complementary & Integrative Hlth	Hypnalgescics, LLC	10013193	39,364	-

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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —					
Pass-through from other sources:					
93.226	Agency for Healthcare Res & Quality	Research Institute at Nationwide Childrn	20010182	1,036	-
93.226	Agency for Healthcare Res & Quality	Case Western Reserve Univ	22000238	8,113	-
93.226	Agency for Healthcare Res & Quality	AcademyHealth	20022065	8,174	-
93.226	Agency for Healthcare Res & Quality	Univ of California - San Francisco	22000317	11,999	-
93.226	Agency for Healthcare Res & Quality	Washington Univ	22000209	13,078	-
93.242	National Institute of Mental Health	Univ of Washington	22000212	4,430	-
93.242	National Institute of Mental Health	Univ of North Carolina	22000146	2,846	-
93.242	National Institute of Mental Health	Univ of Massachusetts - Worcester	22000318	37,492	-
93.242	National Institute of Mental Health	Emory Univ	22000295	126,441	-
93.242	National Institute of Mental Health	Kitware, Inc	10012569	32,182	-
93.242	National Institute of Mental Health	McMaster University	22010057	9,968	-
93.243	Substance Abuse &MentalHealthServsAdmin	Hoh Indian Tribe	24000612	1,342	-
93.243	Substance Abuse &MentalHealthServsAdmin	OH Dept of Mental Hlth & Addiction Svcs	26420000	15,501	-
93.262	Centers for Disease Control & Prevention	Univ of Wisconsin	22000006	50,771	-
93.262	Nat Inst Occupational Safety & Health	Univ of Michigan	22000005	2,706	-
93.262	Nat Inst Occupational Safety & Health	Univ of Kentucky	22000143	12,186	-
93.262	Nat Inst Occupational Safety & Health	Univ of Louisville	22000299	176,378	-
93.273	Nat Inst on Alcohol Abuse & Alcoholism	Pennsylvania State Univ	22000030	17,766	-
93.279	National Institute on Drug Abuse	Univ of Memphis	22000325	32,041	-
93.279	National Institute on Drug Abuse	Pacific Inst for Research and Evaluation	20021888	111,304	-
93.279	National Institute on Drug Abuse	Dartmouth College	22000234	2,415	-
93.283	Centers for Disease Control & Prevention	Ohio University	22000130	2,019	-
93.283	Centers for Disease Control & Prevention	Am Thrombosis and Hemostasis Network	20021818	5,508	-
93.286	Nat In Biomedical Imaging&Bioengineering	Univ of Memphis	22000325	219,101	4,244
93.286	Nat In Biomedical Imaging&Bioengineering	Wayne State Univ	22000034	84,612	-
93.307	Nat Ctr Minority Hlth & Hlth Disparities	Case Western Reserve Univ	22000238	88,764	-
93.310	Nat Ctr for Advancing Translational Scis	Univ of Florida	22000108	274,329	-
93.310	Nat Ctr for Advancing Translational Scis	Univ of Louisville	22000299	64,325	-
93.310	Nat In Diabetes&Digestive&KidneyDiseases	Univ of Florida	22000108	63,712	-
93.350	Nat Ctr for Advancing Translational Scis	EXCMR, Ltd.	10020229	20,081	-
93.351	Nat Inst of Health, Ofc of the Director	CellDex Therapeutics, Inc.	10013270	24,386	-
93.361	National Institute of Nursing Research	Vidatak, LLC	10013342	59,079	-
93.393	National Cancer Institute	Univ of Michigan	22000005	28,000	-
93.393	National Cancer Institute	Icahn School of Medicine at Mount Sinai	22010031	60,227	-
93.393	National Cancer Institute	Univ of Pittsburgh	22000036	1,313	-
93.393	National Cancer Institute	Rice University	22000231	59,456	-
93.393	National Cancer Institute	Univ of Washington	22000212	8,449	-
93.393	National Cancer Institute	Arizona State Univ	22000109	9,034	-
93.393	National Cancer Institute	Univ of Utah	22000145	24,983	-
93.393	National Cancer Institute	Fred Hutchinson Cancer Research Center	20021734	217,946	-
93.393	National Cancer Institute	Washington Univ	22000209	15,184	-
93.393	National Cancer Institute	Roswell Park Cancer Institute	20021570	6,343	-
93.393	National Cancer Institute	Georgetown Univ	22000339	1,694	-

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Research and Development Cluster —					
Pass-through from other sources:					
93.393	National Cancer Institute	Univ of Pennsylvania	22000195	67,324	-
93.393	National Cancer Institute	Thomas Jefferson Univ	22010026	6,943	-
93.393	National Cancer Institute	Univ of Miami	22000255	9	-
93.393	National Cancer Institute	Kaiser Permanente	20021732	14,495	-
93.394	National Cancer Institute	West Virginia Univ	22000032	21,564	-
93.394	National Cancer Institute	Virginia Polytechnic Inst	22000023	2,733	-
93.394	National Cancer Institute	Univ of Nebraska	22000085	(150)	-
93.394	National Cancer Institute	Hyper Tech Res Inc	10020102	124,080	-
93.394	National Cancer Institute	Case Western Reserve Univ	22000238	109,876	-
93.394	National Cancer Institute	Univ of Louisville	22000299	1,857	-
93.394	National Cancer Institute	Washington Univ	22000209	1,005,149	-
93.394	National Cancer Institute	Brigham & Women's Hosp Inc	20021152	140,978	-
93.394	National Cancer Institute	Columbia University	22000135	25,937	-
93.394	National Cancer Institute	Cleveland Clinic Lerner College of Med	22010063	49,660	-
93.394	National Cancer Institute	Univ of Texas M D Anderson Cancer Center	22010039	103,156	7,700
93.394	National Cancer Institute	Luna Innovations Inc	10012514	115,610	-
93.394	National Cancer Institute	Yale Univ	22000088	1,100	-
93.394	National Cancer Institute	ImCare BioTech	10013526	10,549	-
93.395	National Cancer Institute	Michigan State Univ	22000044	53,625	-
93.395	National Cancer Institute	Univ of Minnesota	22000067	102,373	-
93.395	National Cancer Institute	West Virginia Univ	22000032	29,699	-
93.395	National Cancer Institute	Univ of Michigan	22000005	62	-
93.395	National Cancer Institute	Icahn School of Medicine at Mount Sinai	22010031	3,429	-
93.395	National Cancer Institute	Research Institute at Nationwide Childrn	20010182	29,608	-
93.395	National Cancer Institute	Univ of Chicago	22000018	933	-
93.395	National Cancer Institute	Univ of California - San Diego	22000288	655,730	-
93.395	National Cancer Institute	North Dakota State Univ	22000263	124,307	-
93.395	National Cancer Institute	Case Western Reserve Univ	22000238	448	-
93.395	National Cancer Institute	Univ of Kentucky	22000143	14,393	-
93.395	National Cancer Institute	Fred Hutchinson Cancer Research Center	20021734	11,266	-
93.395	National Cancer Institute	Oregon Health and Science University	22000252	18,072	-
93.395	National Cancer Institute	Emory Univ	22000295	87,413	-
93.395	National Cancer Institute	Brigham & Women's Hosp Inc	20021152	51,922	-
93.395	National Cancer Institute	John Wayne Cancer Inst	20021377	93,771	-
93.395	National Cancer Institute	Am Coll of Radiology	20020917	1,541,766	42,430
93.395	National Cancer Institute	Gynecologic Oncology Group	20020024	150,529	-
93.395	National Cancer Institute	Univ of South Florida	22000123	2,724	-
93.395	National Cancer Institute	The Children's Hospital of Philadelphia	20020015	92,294	-
93.395	National Cancer Institute	Stanford Univ	22000142	348,126	-
93.395	National Cancer Institute	Cypris, LLC	10013440	12,270	-
93.395	National Cancer Institute	Mayo Fdn for Medical Educ & Res	20010289	133,198	-
93.395	National Cancer Institute	The EMMES Corp	10012757	5,133	-
93.395	National Cancer Institute	NRG Oncology	20022229	115,388	-

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Research and Development Cluster —					
Pass-through from other sources:					
93.395	National Cancer Institute	Dana-Farber Cancer Inst	20021438	40,741	-
93.395	National Cancer Institute	Univ of Texas Hlth Sci Ctr - San Antonio	22000330	589,240	1,993
93.395	National Cancer Institute	City of Hope	20021701	80,471	-
93.396	National Cancer Institute	Indiana Univ	22000012	13,008	-
93.396	National Cancer Institute	Univ of Kentucky	22000143	88,815	-
93.396	National Cancer Institute	Stanford Univ	22000142	52,873	-
93.396	National Cancer Institute	Vanderbilt Univ	22000296	(49)	-
93.396	National Cancer Institute	Univ of Arizona	22000116	143,833	-
93.396	National Cancer Institute	Tufts Medical Ctr	20021543	201,330	-
93.397	National Cancer Institute	Univ of Kentucky	22000143	151,195	-
93.397	National Cancer Institute	Columbia University	22000135	26,073	-
93.397	National Cancer Institute	UT Southwestern Medical Center At Dallas	22000316	18,736	-
93.397	National Cancer Institute	SARC	20022185	425,833	-
93.397	National Cancer Institute	Northwestern University	22000041	15,761	-
93.398	National Cancer Institute	OhioHealth Research and Innovation Inst	20022301	51,306	-
93.433	US Department of Health & Human Services	Univ of Minnesota	22000067	8,096	-
93.506	Ctrs for Medicare & Medicaid Services	OH Dept of Medicaid	26680000	31,135	-
93.516	Health Resources & Services Admin	Univ of Illinois	22000009	98,557	-
93.516	Health Resources & Services Admin	Columbia University	22000135	2,772	-
93.524	Centers for Disease Control & Prevention	Cncl State Territorial Epidemiologists	20022219	138,497	-
93.590	Administration for Children and Families	OH Children's Trust Fund	26230100	607	-
93.RD	US Department of Health & Human Services	OH Dept of Health	26090000	4,219	-
93.RD	Public Health Service	Nat Marrow Donor Prog	20021576	6,960	-
93.RD	Agency for Healthcare Res & Quality	Truven Health Analytics	10030250	53,496	-
93.630	Administration for Children and Families	Wright State Univ	22000087	14,670	-
93.630	US Department of Health & Human Services	OH Developmental Disabilities Plng Cncl	26430100	37,830	-
93.630	US Department of Health & Human Services	Central State University	22000111	20,562	-
93.RD	National Institutes of Health	Univ of Houston	22000092	1,678	-
93.RD	National Institutes of Health	Univ of Kansas	22000219	29,877	-
93.RD	National Institutes of Health	Columbia University	22000135	5,849	-
93.RD	National Institutes of Health	Cancer & Leukemia Group B Fdn	20010031	1,355	-
93.RD	National Institutes of Health	Alliance for Clinical Trials in Oncology	20022076	131	-
93.RD	National Institutes of Health	Viocare, Inc.	10013075	39,043	-
93.RD	National Institutes of Health	MetalloPharm, LLC	10020354	57,650	-
93.RD	National Cancer Institute	Univ of Maryland	22000120	12,529	-
93.RD	National Cancer Institute	Leidos, Inc	10013531	239,386	-
93.RD	National Cancer Institute	Brigham & Women's Hosp Inc	20021152	5,101	-
93.RD	National Cancer Institute	Cancer & Leukemia Group B Fdn	20010031	(1,700)	-
93.RD	National Cancer Institute	Alliance for Clinical Trials in Oncology	20022076	17,041	-
93.RD	National Cancer Institute	Eastern Cooperative Oncology Group	20021810	1,487	-
93.RD	National Cancer Institute	The Univ of Oklahoma Health Scis Ctr	22000349	81,805	-
93.RD	National Cancer Institute	ECOG-ACRIN Cancer Research Group	20022288	4,673	-
93.RD	National Cancer Institute	Westat Inc	10012409	6,237	-

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Research and Development Cluster —					
Pass-through from other sources:					
93.RD	National Cancer Institute	Southwest Oncology	20020412	85	-
93.RD	National Cancer Institute	Cleveland Clinic Fdn	20010421	4,483	-
93.RD	National Heart, Lung, and Blood Inst	Case Western Reserve Univ	22000238	102,398	-
93.RD	Nat Inst of Allergy & Infectious Diseases	Wayne State Univ	22000034	(11,791)	-
93.RD	Nat Inst of Allergy & Infectious Diseases	Institute for Clinical Research Inc	20022020	640	-
93.RD	Nat Inst of Allergy & Infectious Diseases	St. Jude Children's Research Hospital	20022231	770,945	-
93.RD	Nat Inst of Allergy & Infectious Diseases	Family Health Intl	20022342	757	-
93.647	Administration for Children and Families	Univ of Denver	22000118	15,224	-
93.652	Administration for Children and Families	Franklin Co Children Services	24000056	237,323	-
93.RD	Centers for Disease Control & Prevention	OH Dept of Health	26090000	9,694	-
93.RD	Centers for Disease Control & Prevention	National Ground Water Association Inc	20022161	12,579	-
93.669	Administration for Children and Families	OH Dept of Job & Family Services	26630000	114,530	-
93.701	Nat Inst Neurological Disorders & Stroke	ARRA The EMMES Corp	10012757	5,546	-
93.758	US Department of Health & Human Services	OH Dept of Health	26090000	7,329	1,247
93.767	Ctrs for Medicare & Medicaid Services	OH Dept of Medicaid	26680000	82,946	13,600
93.791	Ctrs for Medicare & Medicaid Services	OH Dept of Medicaid	26680000	7,054	-
93.837	National Heart, Lung, and Blood Inst	Univ of Illinois	22000009	11,103	-
93.837	National Heart, Lung, and Blood Inst	Univ of Maryland	22000120	6,046	-
93.837	National Heart, Lung, and Blood Inst	Univ of Michigan	22000005	19,933	-
93.837	National Heart, Lung, and Blood Inst	Icahn School of Medicine at Mount Sinai	22010031	33,467	-
93.837	National Heart, Lung, and Blood Inst	Research Institute at Nationwide Childrn	20010182	132,493	-
93.837	National Heart, Lung, and Blood Inst	Wake Forest Univ	22000286	44,657	-
93.837	National Heart, Lung, and Blood Inst	Rice University	22000231	16,415	-
93.837	National Heart, Lung, and Blood Inst	Univ of Colorado	22000039	(4,530)	-
93.837	National Heart, Lung, and Blood Inst	Massachusetts General Hospital	20021587	19,734	-
93.837	National Heart, Lung, and Blood Inst	Univ of Kentucky	22000143	18,221	-
93.837	National Heart, Lung, and Blood Inst	Oregon Health and Science University	22000252	77,014	-
93.837	National Heart, Lung, and Blood Inst	Northeast Ohio Medical University	22000350	14,029	-
93.837	National Heart, Lung, and Blood Inst	Duke Univ	22000094	2,694	-
93.837	National Heart, Lung, and Blood Inst	Cleveland Clinic	20021182	116,815	-
93.837	National Heart, Lung, and Blood Inst	New England Research Institutes	10012918	10,857	-
93.837	National Heart, Lung, and Blood Inst	Weill Cornell Medical College	20021833	79,960	-
93.837	National Heart, Lung, and Blood Inst	Albert Einstein College of Medicine Inc	20022344	17,129	-
93.837	National Heart, Lung, and Blood Inst	Cincinnati Children's Hos Med Ctr	20021628	10,149	-
93.838	National Heart, Lung, and Blood Inst	West Virginia Univ	22000032	11,918	-
93.838	National Heart, Lung, and Blood Inst	Univ of Toledo	22000277	1,514	-
93.838	National Heart, Lung, and Blood Inst	Fred Hutchinson Cancer Research Center	20021734	34,644	-
93.838	National Heart, Lung, and Blood Inst	Univ of California - San Francisco	22000317	61,047	-
93.838	National Heart, Lung, and Blood Inst	Cleveland Clinic Lerner College of Med	22010063	5,624	-
93.838	National Heart, Lung, and Blood Inst	Cleveland Clinic	20021182	69,153	-
93.839	National Heart, Lung, and Blood Inst	Nat Marrow Donor Prog	20021576	245,327	-
93.846	Nat In Arthritis&Muscoskeletal&Skin Ds	Univ of Maryland	22000120	(25,042)	-
93.846	Nat In Arthritis&Muscoskeletal&Skin Ds	Research Institute at Nationwide Childrn	20010182	50,820	-

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Research and Development Cluster —					
Pass-through from other sources:					
93.846	Nat In Arthritis&Muscoskeletal&Skin Ds	Univ of Alabama at Birmingham	22000207	200,961	-
93.846	Nat In Arthritis&Muscoskeletal&Skin Ds	Mayo Fdn for Medical Educ & Res	20010289	52,363	-
93.846	Nat In Arthritis&Muscoskeletal&Skin Ds	Vanderbilt Univ	22000296	2,363	-
93.846	Nat In Arthritis&Muscoskeletal&Skin Ds	Univ of Arizona	22000116	113,635	-
93.846	Nat In Arthritis&Muscoskeletal&Skin Ds	Northwestern University	22000041	172,013	-
93.846	Nat In Arthritis&Muscoskeletal&Skin Ds	Cleveland Clinic Fdn	20010421	25,188	-
93.846	Nat In Arthritis&Muscoskeletal&Skin Ds	Cincinnati Children's Hos Med Ctr	20021628	18,558	-
93.846	Nat In Arthritis&Muscoskeletal&Skin Ds	Children's Mercy Hospitals and Clinics	20021968	9,871	5,632
93.847	Nat In Diabetes&Digestive&KidneyDiseases	Research Institute at Nationwide Childrn	20010182	68,402	-
93.847	Nat In Diabetes&Digestive&KidneyDiseases	Case Western Reserve Univ	22000238	10,765	-
93.847	Nat In Diabetes&Digestive&KidneyDiseases	Univ of Louisville	22000299	56,121	-
93.847	Nat In Diabetes&Digestive&KidneyDiseases	The EMMES Corp	10012757	1,470	-
93.847	Nat In Diabetes&Digestive&KidneyDiseases	UT Southwestern Medical Center At Dallas	22000316	52,695	-
93.847	Nat In Diabetes&Digestive&KidneyDiseases	Minneapolis Medical Research Foundation	20012090	21,758	-
93.847	Nat In Diabetes&Digestive&KidneyDiseases	Samford Univ	22000398	16,016	-
93.847	Nat In Diabetes&Digestive&KidneyDiseases	Baylor College of Medicine	22000361	20,466	-
93.853	Nat Inst Neurological Disorders & Stroke	Univ of Illinois	22000009	15,025	-
93.853	Nat Inst Neurological Disorders & Stroke	Univ of Minnesota	22000067	4,768	-
93.853	Nat Inst Neurological Disorders & Stroke	Univ of Michigan	22000005	230,235	21,400
93.853	Nat Inst Neurological Disorders & Stroke	Research Institute at Nationwide Childrn	20010182	166,507	-
93.853	Nat Inst Neurological Disorders & Stroke	Johns Hopkins Univ	22000133	4,213	-
93.853	Nat Inst Neurological Disorders & Stroke	Indiana Univ	22000012	148,927	-
93.853	Nat Inst Neurological Disorders & Stroke	Univ of California - San Diego	22000288	26,666	-
93.853	Nat Inst Neurological Disorders & Stroke	Univ of Cincinnati	22000074	4,043	-
93.853	Nat Inst Neurological Disorders & Stroke	Massachusetts General Hospital	20021587	325,102	-
93.853	Nat Inst Neurological Disorders & Stroke	Univ of Louisville	22000299	806	-
93.853	Nat Inst Neurological Disorders & Stroke	Univ of California - San Francisco	22000317	11,078	-
93.853	Nat Inst Neurological Disorders & Stroke	Cleveland Clinic Lerner College of Med	22010063	(1,308)	-
93.853	Nat Inst Neurological Disorders & Stroke	Yale Univ	22000088	45,108	-
93.853	Nat Inst Neurological Disorders & Stroke	Mayo Fdn for Medical Educ & Res	20010289	2,000	-
93.853	Nat Inst Neurological Disorders & Stroke	Northwestern University	22000041	26,534	-
93.853	Nat Inst Neurological Disorders & Stroke	Cleveland Clinic	20021182	38,951	-
93.853	Nat Inst Neurological Disorders & Stroke	Baylor College of Medicine	22000361	71,383	-
93.853	Nat Inst Neurological Disorders & Stroke	Beth Israel Deaconess Medical Center	10011582	1,758	-
93.853	Nat Inst Neurological Disorders & Stroke	Radikal Therapeutics	10013565	12,298	-
93.855	Nat Inst of Allergy &Infectious Diseases	Kansas State Univ	22000062	226,940	-
93.855	Nat Inst of Allergy &Infectious Diseases	Icahn School of Medicine at Mount Sinai	22010031	75,209	-
93.855	Nat Inst of Allergy &Infectious Diseases	Research Institute at Nationwide Childrn	20010182	304,192	-
93.855	Nat Inst of Allergy &Infectious Diseases	Univ of Pittsburgh	22000036	766,437	-
93.855	Nat Inst of Allergy &Infectious Diseases	Univ of Chicago	22000018	(9,282)	-
93.855	Nat Inst of Allergy &Infectious Diseases	Univ of Washington	22000212	85,239	-
93.855	Nat Inst of Allergy &Infectious Diseases	Univ at Albany	22000382	14,048	-
93.855	Nat Inst of Allergy &Infectious Diseases	Univ of North Carolina	22000146	180,700	-

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Research and Development Cluster —					
Pass-through from other sources:					
93.855	Nat Inst of Allergy & Infectious Diseases	Univ of Louisville	22000299	15,785	-
93.855	Nat Inst of Allergy & Infectious Diseases	Univ of California - San Francisco	22000317	1,299	-
93.855	Nat Inst of Allergy & Infectious Diseases	Univ of Massachusetts - Worcester	22000318	13,720	-
93.855	Nat Inst of Allergy & Infectious Diseases	Brigham & Women's Hosp Inc	20021152	964,679	-
93.855	Nat Inst of Allergy & Infectious Diseases	Columbia University	22000135	139,321	-
93.855	Nat Inst of Allergy & Infectious Diseases	Institute for Clinical Research Inc	20022020	7,388	-
93.855	Nat Inst of Allergy & Infectious Diseases	Duke Univ	22000094	85,936	-
93.855	Nat Inst of Allergy & Infectious Diseases	Weill Cornell Medical College	20021833	129,476	-
93.855	Nat Inst of Allergy & Infectious Diseases	Yeshiva Univ	22000331	18,462	-
93.855	Nat Inst of Allergy & Infectious Diseases	Forsyth Institute	20022165	18,422	-
93.855	Nat Inst of Allergy & Infectious Diseases	Sorrento Therapeutics	10013453	112,606	-
93.855	Nat Inst of Allergy & Infectious Diseases	ChromoLogic LLC	10013482	108,645	-
93.855	Nat Inst of Allergy & Infectious Diseases	Benaroya Research Institute	20022216	11,400	-
93.855	Nat Inst of Allergy & Infectious Diseases	Stellenbosch Univ	22010115	10,385	-
93.855	Nat Inst of Allergy & Infectious Diseases	Hospital for Sick Children	20022313	68,392	-
93.855	Nat Inst of Allergy & Infectious Diseases	Tufts University	22000343	12,778	-
93.855	Nat Inst of Health, Ofc of the Director	Yeshiva Univ	22000331	462	-
93.855	National Cancer Institute	Fred Hutchinson Cancer Research Center	20021734	2,983	-
93.856	Nat Inst of Allergy & Infectious Diseases	North Carolina State Univ	22000136	6,303	-
93.859	Nat Inst Gen Medical Scis	Rutgers Univ	22000003	71,825	-
93.859	Nat Inst Gen Medical Scis	Univ of Florida	22000108	16,783	-
93.859	Nat Inst Gen Medical Scis	Univ of California - Davis	22000013	95,083	-
93.859	Nat Inst Gen Medical Scis	Univ of Michigan	22000005	12,015	-
93.859	Nat Inst Gen Medical Scis	Research Institute at Nationwide Childrn	20010182	57,431	-
93.859	Nat Inst Gen Medical Scis	Univ of Pittsburgh	22000036	111,667	-
93.859	Nat Inst Gen Medical Scis	New York University	22000254	1,474	-
93.859	Nat Inst Gen Medical Scis	Oregon Health and Science University	22000252	112,689	-
93.859	Nat Inst Gen Medical Scis	Univ of California - San Francisco	22000317	21,364	-
93.859	Nat Inst Gen Medical Scis	Univ of Texas Hlth Sci Ctr - San Antonio	22000330	52,527	-
93.859	Nat Inst Gen Medical Scis	Cleveland Clinic	20021182	67,270	-
93.859	Nat Inst Gen Medical Scis	The Scripps Research Institute	20021352	204,951	-
93.859	Nat Inst Gen Medical Scis	Northeastern Univ	22000329	44,403	-
93.865	Nat Inst Child Health & HumanDevelopment	Virginia Polytechnic Inst	22000023	389,433	21,370
93.865	Nat Inst Child Health & HumanDevelopment	Pennsylvania State Univ	22000030	59,037	-
93.865	Nat Inst Child Health & HumanDevelopment	Research Institute at Nationwide Childrn	20010182	267,645	-
93.865	Nat Inst Child Health & HumanDevelopment	Univ of Pittsburgh	22000036	126,617	-
93.865	Nat Inst Child Health & HumanDevelopment	Arizona State Univ	22000109	22,000	-
93.865	Nat Inst Child Health & HumanDevelopment	Univ of Colorado	22000039	108,175	-
93.865	Nat Inst Child Health & HumanDevelopment	Univ of Texas at Austin	22000270	5,582	-
93.865	Nat Inst Child Health & HumanDevelopment	Univ of North Carolina	22000146	99,659	-
93.865	Nat Inst Child Health & HumanDevelopment	Bowling Green State University	22000221	81,808	-
93.865	Nat Inst Child Health & HumanDevelopment	Case Western Reserve Univ	22000238	(138,346)	-
93.865	Nat Inst Child Health & HumanDevelopment	Univ of Connecticut	22000076	68,920	-

**THE OHIO STATE UNIVERSITY**  
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**FOR THE YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster —					
Pass-through from other sources:					
93.865	Nat Inst Child Health & HumanDevelopment	Northwestern University	22000041	210,034	-
93.865	Nat Inst Child Health & HumanDevelopment	SuperBetter Labs, Inc.	10013227	983	-
93.865	Nat Inst Child Health & HumanDevelopment	George Washington Univ	22000025	664,764	53,353
93.865	Nat Inst Child Health & HumanDevelopment	Clemson University	22000222	3,715	-
93.866	National Institute on Aging	Univ of Pittsburgh	22000036	14,094	-
93.866	National Institute on Aging	Univ of California - Los Angeles	22000269	79,562	-
93.866	National Institute on Aging	Univ of California - San Diego	22000288	223,911	-
93.866	National Institute on Aging	Vanderbilt Univ	22000296	59,278	-
93.866	National Institute on Aging	Northwestern University	22000041	37,279	-
93.866	National Institute on Aging	Nat Bur Econ Res	20020748	127,048	-
93.867	National Cancer Institute	Univ of Washington	22000212	(48,195)	-
93.867	National Eye Institute	Univ of Maryland	22000120	(216)	-
93.867	National Eye Institute	Pennsylvania State Univ	22000030	12,317	-
93.867	National Eye Institute	Univ of Houston	22000092	20,215	-
93.867	National Eye Institute	Univ of Cincinnati	22000074	7,595	-
93.867	National Eye Institute	Salus University	22000322	32,847	-
93.867	National Eye Institute	Univ of Louisville	22000299	108,007	-
93.867	National Eye Institute	Washington Univ	22000209	7,199	-
93.867	National Eye Institute	Univ of Pennsylvania	22000195	990	-
93.867	National Eye Institute	Jaeb Ctr for Health Res	20021387	50,005	-
93.867	National Eye Institute	Univ of California - Irvine	22010062	142,650	-
93.867	National Eye Institute	RashmiVu, LLC	10020335	88,883	-
93.879	National Library of Medicine	Rutgers Univ	22000003	9,813	-
93.879	National Library of Medicine	Brigham & Women's Hosp Inc	20021152	47,795	-
93.946	Centers for Disease Control & Prevention	Cincinnati Children's Hos Med Ctr	20021628	11,326	-
93.991	US Department of Health & Human Services	OH Dept of Health	26090000	31,530	14,998
<b>Total Department of Health and Human Services Pass-Through Awards</b>				<b>25,396,762</b>	<b>206,844</b>
<b>Department of Homeland Security</b>					
97.061	US Department of Homeland Security	Northeastern Univ	22000329	9,188	-
97.RD	US Department of Homeland Security	Univ of Delaware	22000138	141,982	-
97.RD	US Department of Homeland Security	Univ of Southern California	22000206	39,102	-
<b>Total Department of Homeland Security Pass-through Awards</b>				<b>190,272</b>	<b>-</b>
<b>Agency for International Development</b>					
98.001	Agency for Intl Dev	Michigan State Univ	22000044	44,252	-
98.001	Agency for Intl Dev	Purdue Univ	22000002	6,818	3,400
98.001	Agency for Intl Dev	Virginia Polytechnic Inst	22000023	38,421	-
98.001	Agency for Intl Dev	Univ of California - Davis	22000013	209,782	87,493
98.001	Agency for Intl Dev	Research Institute at Nationwide Childrn	20010182	58,070	-
98.001	Agency for Intl Dev	KPMG East Africa	10030355	34,270	-



**THE OHIO STATE UNIVERSITY**  
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**FOR THE YEAR ENDED JUNE 30, 2016**

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CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Research and Development Cluster — Pass-through from other sources:					
98.011	Agency for Intl Dev	Purdue Univ	22000002	4,673	-
98.012	Agency for Intl Dev	Higher Education for Development	20021686	41,622	29,313
<b>Total Agency for International Development Pass-Through Awards</b>				<b>437,908</b>	<b>120,206</b>
Subtotal pass-through from other sources				<b>\$ 65,525,535</b>	<b>\$ 1,624,183</b>
Total Research and Development Cluster				<b>\$ 354,186,756</b>	<b>\$ 40,925,371</b>

**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Agency Sponsor	Federal Expenditures	Expenditures to Subrecipients
Student Financial Aid Cluster —			
Funds received directly from the following federal agencies:			
<b>Department of Education</b>			
84.007	Supplemental Education Opportunity Grant	\$ 1,151,640	\$ -
84.033	Federal Workstudy Program	2,850,533	-
84.038	Perkins Loans outstanding balance at 7/1/2015	34,730,223	-
84.038	Perkins Loans advances during fiscal year	4,144,864	-
84.063	Pell Grant Program	51,458,729	-
84.268	Direct Lending subsidized student advances during fiscal year 2016	71,470,210	-
84.268	Direct Lending unsubsidized student advances during fiscal year 2016	192,808,853	-
84.268	Direct Lending parent (undergraduate) advances during fiscal year 2016	49,491,663	-
84.268	Direct Lending parent (graduate) advances during fiscal year 2016	32,376,087	-
84.379	Teacher Ed Assistance for College and Higher Ed Grants	44,536	-
<b>Total Department of Education Direct Awards</b>		<b>440,527,338</b>	<b>-</b>
<b>Department of Health and Human Services</b>			
93.264	Nursing Faculty Loans outstanding balance at 7/1/2015	443,342	-
93.264	Nursing Faculty Loans advances during fiscal year	148,331	-
93.342	Health Professions Student Loans outstanding balance at 7/1/2015	16,786,494	-
93.342	Health Professions Student Loans advances during fiscal year	2,216,298	-
93.342	Primary Care Loans, outstanding balance at 7/1/2015	1,439,165	-
93.342	Disadvantaged Student Loans outstanding balance at 7/1/2015	295,461	-
93.342	Disadvantaged Student Loans advances during fiscal year	3,000	-
93.364	Nursing Student Loans outstanding balance at 7/1/2015	1,467,734	-
93.364	Nursing Student Loans advances during fiscal year	172,320	-
93.408	ARRA Nursing Faculty Loan outstanding balance at 7/1/2015	18,944	-
<b>Total Department of Health and Human Services Direct Awards</b>		<b>22,991,089</b>	<b>-</b>
Subtotal Student Financial Aid Cluster		<b>\$ 463,518,427</b>	<b>\$ -</b>
Economic Development Cluster —			
Funds received directly from the following federal agencies:			
<b>Department of Commerce</b>			
11.307	Econ Dev Admin	\$ 822,283	\$ 5,375
<b>Total Department of Commerce Direct Awards</b>		<b>822,283</b>	<b>5,375</b>
Subtotal Economic Development Cluster		<b>\$ 822,283</b>	<b>\$ 5,375</b>

**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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CFDA Number	Federal Agency Sponsor	Federal Expenditures	Expenditures to Subrecipients
Trio Cluster —			
Funds received directly from the following federal agencies:			
<b>Department of Education</b>			
84.042	US Department of Education	\$ 297,864	-
84.047	US Department of Education	595,896	-
<b>Total Department of Education Direct Awards</b>		<b>893,760</b>	<b>-</b>
Subtotal Trio Cluster		\$ 893,760	\$ -
Child Care and Development Block Grant -			
Funds received directly from the following federal agencies:			
<b>Department of Health and Human Services</b>			
93.575	Administration for Children and Families	\$ 55,537	\$ -
<b>Total Department of Health and Human Services</b>		<b>55,537</b>	<b>-</b>
Subtotal Child Care and Development Block Grant Cluster		\$ 55,537	\$ -

**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Fish and Wildlife Cluster — Pass throughs from other sources:					
<b>Department of the Interior</b>					
15.605	US Fish and Wildlife Service	OH Division of Wildlife	26110100	\$ 1,428,745	\$ 35,252
15.605	US Fish and Wildlife Service	Southern Illinois Univ	22000055	86,650	-
15.611	US Fish and Wildlife Service	OH Division of Wildlife	26110100	347,360	6,000
15.611	US Department of the Interior	OH Division of Wildlife	26110100	167,746	6,100
<b>Total Department of the Interior Pass-Through Awards</b>				<b>2,030,501</b>	<b>47,352</b>
Subtotal Fish and Wildlife Cluster				<b>\$ 2,030,501</b>	<b>\$ 47,352</b>
Highway Planning and Construction Cluster — Pass throughs from other sources:					
<b>Department of Transportation</b>					
20.205	US Department of Transportation	OH Dept of Transportation	26010000	\$ (60,443)	\$ -
20.205	Federal Highway Administration	OH Dept of Transportation	26010000	739,958	102,023
<b>Total Department of Transportation Pass-Through Awards</b>				<b>679,515</b>	<b>102,023</b>
Subtotal Highway Planning and construction Cluster				<b>\$ 679,515</b>	<b>\$ 102,023</b>
Special Education (IDEA) Cluster — Pass throughs from other sources:					
<b>Department of Education</b>					
84.027	US Department of Education	OH Dept of Educ	26080000	\$ 167,652	\$ -
84.027	US Department of Education	Univ of Dayton	22000008	172,459	-
84.027	US Department of Education	Utah State Office of Education	24000579	11,234	-
<b>Total Department of Education Pass-Through Awards</b>				<b>351,345</b>	<b>-</b>
Subtotal Special Education (IDEA) Cluster				<b>\$ 351,345</b>	<b>\$ -</b>
Medicaid Cluster - Pass throughs from other sources:					
<b>Department of Health and Human Services</b>					
93.778	Ctrs for Medicare & Medicaid	Cincinnati Children's Hos Med Ctr	20021628	\$ 140,428	\$ -
93.778	Ctrs for Medicare & Medicaid	Northeast Ohio Medical University	22000350	2,675	-
93.778	Ctrs for Medicare & Medicaid	OH Dept of Medicaid	26680000	18,820,336	12,326,164

**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
93.778	Ctrs for Medicare & Medicaid	Franklin County Dept of Health		293,374	-
<b>Total Department of Health and Human Services Pass-Through Awards</b>				<b>19,256,813</b>	<b>12,326,164</b>
Subtotal Medicaid Cluster				<b>\$ 19,256,813</b>	<b>\$ 12,326,164</b>
Supplemental Nutrition Assistance Program Cluster — Pass throughs from other sources:					
<b>Department of Agriculture</b>					
10.561	USDA Food and Nutrition Service	OH Dept of Job & Family Services	26630000	\$ 6,008,929	\$ 12,183
<b>Total Department of Agriculture Pass-Through Awards</b>				<b>6,008,929</b>	<b>12,183</b>
Subtotal Supplemental Nutrition Assistance Program Cluster				<b>\$ 6,008,929</b>	<b>\$ 12,183</b>
CDBG Entitlements Grants Cluster — Pass throughs from other sources:					
<b>Department of Housing and Urban Development</b>					
14.218	Department of Housing & Urban Dev	City of Columbus	24000306	\$ 4,991	\$ -
14.218	Department of Housing & Urban Dev	City of Dayton	24000572	85,443	-
14.218	Department of Housing & Urban Dev	Cleveland Dept of Community Development	24000528	148,230	-
<b>Total Department of Housing and Urban Development Pass-Through Awards</b>				<b>238,664</b>	<b>-</b>
Subtotal CDBG Entitlements Grants Cluster				<b>\$ 238,664</b>	<b>\$ -</b>
TANF Cluster — Pass throughs from other sources:					
<b>Department of Health and Human Services</b>					
93.558	Administration for Children and Families	After-School All-Stars Ohio	20022119	\$ 43,243	\$ -
93.558	Administration for Children and Families	Butler County Board of Commissioners	24000522	204,710	-
93.558	Administration for Children and Families	Franklin Co Job And Family Services	24000366	39,048	-
93.558	US Department of Health & Human Services	Franklin Co Job And Family Services	24000366	13,355	-
93.558	Administration for Children and Families	OH Gov Ofc Faith-Based & Comm Initiative	26000003	261,409	-
<b>Total Department of Health and Human Services Pass-Through Awards</b>				<b>561,765</b>	<b>-</b>
Subtotal TANF Grants Cluster				<b>\$ 561,765</b>	<b>\$ -</b>

**THE OHIO STATE UNIVERSITY**  
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**FOR THE YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Agency Sponsor	Federal Expenditures	Expenditures to Subrecipients
Funds received directly from the following federal agencies			
Other Programs:			
<b>Department of Agriculture</b>			
10.025	Animal & Plant Health Inspection Service	\$ 21,313	\$ -
10.U00	National Institute of Food & Agriculture	1,790	-
10.500	National Institute of Food & Agriculture	297,124	92,193
10.500	Cooperative Extension Service	12,597,291	-
10.575	USDA Food and Nutrition Service	548	-
<b>Total Department of Agriculture Direct Awards</b>		<b>12,918,066</b>	<b>92,193</b>
<b>Department of Commerce</b>			
11.553	National Telecommunications and Information Administration	(1,271)	-
<b>Total Department of Defense Direct Awards</b>		<b>(1,271)</b>	<b>-</b>
<b>Department of Defense</b>			
12.U00	Army Morale Welfare and Recreation	(5,512)	-
<b>Total Department of Defense Direct Awards</b>		<b>(5,512)</b>	<b>-</b>
<b>Department of State</b>			
19.009	Bureau of Educ & Cultural Affairs	79,754	10,000
19.040	US Department of State	212,603	112,892
<b>Total Department of State Direct Awards</b>		<b>292,357</b>	<b>122,892</b>
<b>Department of Transportation</b>			
20.106	Airport Improvement Program	202,564	-
<b>Total Department of Transportation Direct Awards</b>		<b>202,564</b>	<b>-</b>
<b>Department of National Aeronautics and Space Administration</b>			
43.008	Nat Aeronautics & Space Admin	3,000	-
<b>Total Department of National Aeronautics and Space Administration Direct Awards</b>		<b>3,000</b>	<b>-</b>
<b>Department of National Endowment for the Humanities</b>			
45.160	Faculty Research Abroad	61,252	-
45.163	National Endowment For The Humanities	25,133	-
45.164	National Endowment For The Humanities	(81)	-
<b>Total Department of National Endowment for the Humanities Direct Awards</b>		<b>86,304</b>	<b>-</b>

**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Agency Sponsor	Federal Expenditures	Expenditures to Subrecipients
Funds received directly from the following federal agencies			
Other Programs:			
<b>Department of Veterans Affairs</b>			
64.011	Veterans Outpatient Care	62,589	-
<b>Total Department of Veterans Affairs Direct Awards</b>		<b>62,589</b>	<b>-</b>
<b>Department of Environmental Protection Agency</b>			
66.469	Environmental Protection Agency	1,020	-
<b>Total Department of Environmental Protection Agency Direct Awards</b>		<b>1,020</b>	<b>-</b>
<b>Department of Education</b>			
84.015	US Department of Education	473,408	-
84.022	Student Research Abroad	125,008	-
84.325	US Department of Education	257,319	-
84.327	US Department of Education	398,138	55,738
<b>Total Department of Education Direct Awards</b>		<b>1,253,873</b>	<b>55,738</b>
<b>Department of Health and Human Services</b>			
93.502	Health Resources & Services Admin	2,019,527	-
93.600	Administration for Children and Families	2,318,904	446,153
93.667	Social Services Block Grant	216,565	-
<b>Total Department of Health and Human Services Direct Awards</b>		<b>4,554,996</b>	<b>446,153</b>
Subtotal funds received directly from federal agencies		<b>\$ 19,367,986</b>	<b>\$ 716,976</b>

**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Pass-through from other sources:					
Other Programs:					
<b>Department of Agriculture</b>					
10.170	Agricultural Marketing Service	Ohio Department Of Agriculture	26390000	\$ 64,756	\$ -
10.215	National Institute of Food & Agriculture	Univ of Minnesota	22000067	51,613	-
10.303	National Institute of Food & Agriculture	Univ of Illinois	22000009	11,977	-
10.310	National Institute of Food & Agriculture	Univ of Wisconsin	22000006	8,279	-
10.319	National Institute of Food & Agriculture	North Dakota State Univ	22000263	8,888	-
10.319	National Institute of Food & Agriculture	Cornell University	22000081	28,094	-
10.320	National Institute of Food & Agriculture	Cornell University	22000081	5,262	-
10.329	National Institute of Food & Agriculture	Univ of Illinois	22000009	5,447	-
10.331	National Institute of Food & Agriculture	Wholesome Wave	20022283	34,802	-
10.U00	National Institute of Food & Agriculture	Wholesome Wave	20022283	2,910	-
10.500	National Institute of Food & Agriculture	Pennsylvania State Univ	22000030	22,068	-
10.500	National Institute of Food & Agriculture	Ohio Ecological Food and Farm Assn	20021795	7,372	-
10.500	National Institute of Food & Agriculture	Purdue Univ	22000002	331,446	185,021
10.500	National Institute of Food & Agriculture	Univ of Minnesota	22000067	12,649	-
10.500	National Institute of Food & Agriculture	Univ of Nebraska	22000085	124,866	40,299
10.500	National Institute of Food & Agriculture	Kansas State Univ	22000062	65,603	-
10.558	US Department of Agriculture	OH Dept of Educ	26080000	62,248	-
10.558	Child and Adult Care Food Program	OH Dept of Educ		107,156	-
10.574	US Department of Agriculture	OH Dept of Educ	26080000	13,667	-
10.575	US Department of Agriculture	Cuyahoga County Board of Health	24000524	4,346	-
10.664	USDA Forest Service	OH Dept of Natural Resources	26110000	29,796	-
10.680	USDA Forest Service	Purdue Univ	22000002	12,471	-
10.902	Natural Resources Conservation Service	The Nature Conservancy	20020999	3,125	-
10.912	Natural Resources Conservation Service	Nat Fish & Wildlife Fdn	20021134	94,113	7,397
<b>Total Department of Agriculture Pass-Through Awards</b>				<b>1,112,954</b>	<b>232,717</b>
<b>Department of Commerce</b>					
11.419	Nat Oceanic & Atmospheric Admin	OH Dept of Natural Resources	26110000	(6)	-
11.557	Nat Telecommunications and Info Admin	ARRA Com Net, Inc.	10020267	(39,048)	-
<b>Total Department of Commerce Pass-Through Awards</b>				<b>(39,054)</b>	<b>-</b>
<b>Department of Defense</b>					
12.U00	Army	OH Nat Guard	26330100	11,894	-
12.611	Office of Economic Adjustment	Univ of Michigan	22000005	491,403	-
<b>Total Department of Defense Pass-Through Awards</b>				<b>503,297</b>	<b>-</b>
<b>Department of Justice</b>					
16.575	US Department of Justice	Ohio Office of Attorney General	26310000	447,394	-
16.726	Office of Justice Programs	National 4-H Council	20021037	89,845	-



**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Pass-through from other sources:					
Other Programs:					
16.726	US Department of Justice	National 4-H Council	20021037	75,539	-
16.740	US Department of Justice	Univ of South Florida	22000123	8,693	-
<b>Total Department of Justice Pass-Through Awards</b>				<b>621,471</b>	<b>-</b>
<b>Department of State</b>					
19.009	Bureau of Educ & Cultural Affairs	Intl Res and Exchanges Board	20021194	42,226	-
<b>Total Department of State Pass-through Awards</b>				<b>42,226</b>	<b>-</b>
<b>National Endowment for the Humanities</b>					
45.024	Grants to Organizations and Individuals	Wexner Center Foundation		40,000	-
45.310	Institute Of Museum And Library Services	State Library Board	26040000	1,611,512	-
<b>Total National Endowment for the Humanities Pass-Through Awards</b>				<b>1,651,512</b>	<b>-</b>
<b>Department of Commerce</b>					
59.037	Small Business Administration	OH Development Services Agency	26140000	4,765	-
<b>Total Department of Commerce Pass-Through Awards</b>				<b>4,765</b>	<b>-</b>
<b>Department of Energy</b>					
81.550	US Department of Energy	Pacific Northwest National Laboratory	20021070	7,187	-
<b>Total Department of Energy Pass-Through Awards</b>				<b>7,187</b>	<b>-</b>
<b>Department of Education</b>					
84.287	US Department of Education	Fredericktown Local School District	24000597	1,061	-
84.287	Ofc of Elementary & Secondary Education	East Knox Local School District	24000598	(44)	-
84.367	US Department of Education	OH Dept of Higher Education	26060000	269,405	-
84.367	US Department of Education	Nat Writing Project Corp	20021378	118	-
<b>Total Department of Education Pass-Through Awards</b>				<b>270,540</b>	<b>-</b>
<b>Department of Health and Human Services</b>					
93.086	Admin Children, Youth, & Families	OH Dept of Job & Family Services	26630000	908	-
93.243	Substance Abuse & Mental Health Servs Admin	OH Dept of Mental Hlth & Addiction Svcs	26420000	38,033	-
93.566	Refugee and Entrant Assistance	OH Dept of Job & Family Services		2,231,702	-
93.600	Administration for Children and Families	Child Dev Cncl of Franklin County, Inc.	20021104	20,959	-
93.658	Foster Care Title IV-E	OH Dept of Job & Family Services		167,768	-
93.738	Centers for Disease Control & Prevention	Cuyahoga County Board of Health	24000524	8,706	-
93.912	Health Resources & Services Admin	Trinity Hospital Twin City	20021726	2,006	-
93.958	Substance Abuse & Mental Health Servs Admin	OH Dept of Mental Hlth & Addiction Svcs	26420000	24,227	-

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Agency Sponsor	Pass-Through Sponsor	Pass-Through I.D. Number	Federal Expenditures	Expenditures to Subrecipients
Pass-through from other sources:					
Other Programs:					
93.994	US Department of Health & Human Services	OH Dept of Health	26090000	19,704	-
<b>Total Department of Health and Human Services Pass-Through Awards</b>				<b>2,514,013</b>	<b>-</b>
<b>Agency for International Development</b>					
98.001	Agency for Intl Dev	Michigan State Univ	22000044	152,073	-
<b>Total Agency for International Development Pass-Through Awards</b>				<b>152,073</b>	<b>-</b>
Subtotal pass-through from other sources				6,840,984	232,717
Total Federal Expenditures				<b>\$ 874,813,265</b>	<b>\$ 54,368,161</b>

# THE OHIO STATE UNIVERSITY

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

### FOR THE YEAR ENDED JUNE 30, 2016

#### 1. Summary of Significant Accounting Policies

##### Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity for the year ended June 30, 2016 for the following entities, which constitute the primary institution for financial reporting purposes:

- The Ohio State University and its hospitals and clinics
- Ohio Agricultural Research and Development Center
- The Ohio Technology Consortium (OH-TECH)

In addition, the following university blended component units are included in the university's financial statements and schedule of expenditures of federal awards:

- The Ohio State University Foundation
- OSU Health Plan, Inc.
- Oval Limited

In addition to the blended component units above, the university's financial statements and schedule of expenditures of federal awards include the following discretely presented component units:

- The Ohio State University Physicians, Inc.
- Campus Partners for Community Urban Redevelopment, Inc.
- Transportation Research Center of Ohio, Inc.
- Dental Faculty Practice Association, Inc.

The schedule has been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America for state-assisted colleges and universities. Negative amounts represent current year adjustments of amounts reported in prior years. CFDA and pass-through entity numbers are included when available. The information in the schedule is presented in accordance with the requirements of Title 2 of the U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the university, it is not intended to and does not present the financial position, changes in net position, or cash flows of the university.

#### 2. Reimbursement of Facilities and Administrative Costs and Uniform Guidance

On April 27, 2015, the U. S. Department of Health & Human Services (DHHS) approved provisional facilities and administrative cost recovery rates effective July 1, 2016. The provisional agreement extends the negotiated rates in effect for the year ended June 30, 2016. The facilities and administrative cost rate structure, including the rates submitted within the certificate, is as follows:

**THE OHIO STATE UNIVERSITY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Rate Type	Negotiated Rate
	<u>FY16</u>
Organized Research	
On campus	54.0%
Off campus	26.0%
Instruction	
On campus	52.0%
Off campus	26.0%
Other Sponsored Activities	
On campus	38.0%
Off campus	26.0%

The university applies its predetermined approved facilities and administrative cost recovery rate when charging indirect costs to federal awards rather than the 10% de minimis cost rate as described in Section 200.414 of the Uniform Guidance.

**3. Subrecipient Awards**

The university passes through certain funds to subrecipient organizations. The university monitors its subrecipients to help assure that they use these subawards as authorized by laws, regulations and the provisions of contract or grant agreements. The amounts passed through to subrecipients are reflected on the schedule as expenditures to subrecipients.

Expenditures incurred by the subrecipients that are reimbursed by the university are presented in the schedule as federal expenditures.

**4. Federal Direct Loan Program**

Under the William D. Ford Federal Direct Loan Program, students and parents borrow funds directly from the federal government; the university is responsible for verifying student eligibility, electronically transmitting the loan records to the federal processor and distributing the loan funds directly to the student account or parent borrower. The amount of new loans to the university's students and parents during the fiscal year ended June 30, 2016 is shown in the schedule.

The university is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loan Programs and, accordingly, these loans are not included in the university's basic financial statements. It is not practical to determine the balance of loans outstanding under these programs at June 30, 2016.

**5. University-Administered Loan Programs with Continuing Compliance Requirements**

The federal loan programs listed below are administered directly by the university, and balances and transactions related to these programs are included in the university's financial

**THE OHIO STATE UNIVERSITY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

statements. The amount of loans outstanding at the beginning of the fiscal year and loans made during the year are included in the federal expenditures presented in the schedule. The balances of loans outstanding as of June 30, 2016 are as follows:

	<b>CFDA Number</b>	<b>Outstanding balance at June 30, 2016</b>
Department of Education		
Federal Perkins Program	84.038	<u>\$ 34,012,317</u> 34,012,317
Department of Health and Human Services		
Health Professions Student Loan Program	93.342	
Dentistry		7,794,858
Optometry		1,890,674
Medicine		104,738
Pharmacy		935,141
Veterinary		5,134,018
Primary Care Loan Program	93.342	
Medicine		1,196,937
Loans to Disadvantaged Student Program	93.342	
Dentistry		118,759
Optometry		27,262
Medicine		100,604
Veterinary		<u>7,805</u>
		17,310,796
Nursing Student Loan Program	93.364	<u>1,345,300</u>
ARRA - Nursing Faculty Loan Program	93.408	<u>16,914</u>
Nursing Faculty Loan Program	93.264	<u>541,183</u>
Total Federal Loans Outstanding		<u><u>\$ 53,226,510</u></u>



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the primary institution and of the aggregate discretely presented component units of The Ohio State University (the "University"), a component unit of the State of Ohio, as of and for the year ended June 30, 2016, appearing on pages 21 to 86, which consist of the statement of net position, the related statements of revenues, expenses and other changes in net position and of cash flows, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 3, 2016.

***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the University's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we



do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

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

*PricewaterhouseCoopers LLP*

November 3, 2016



**Report of Independent Auditors on Compliance with Requirements  
That Could Have a Direct and Material Effect on Each Major Program and on Internal  
Control Over Compliance in Accordance with the OMB Uniform Guidance**

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

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

We have audited The Ohio State University's (the "University") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2016. The University's major federal programs are identified in the summary of auditor results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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





### ***Opinion on Each Major Federal Program***

In our opinion, The Ohio State University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

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

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

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

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

*PricewaterhouseCoopers LLP*

December 15, 2016

**THE OHIO STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**Section I – Summary of Auditor Results**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	None identified
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	None identified
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Refer to the listing below
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 3,000,000 Type B: > \$ 750,000
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR §200.520?</b>	Yes

**Major programs (list):**

#	CFDA Number(s)	Name of Federal Program or Cluster
1	Various	Research and Development Cluster
2	Various	Student Financial Aid Cluster
3	93.778	Medicaid Cluster
4	15.605 and 15.611	Fish and Wildlife Cluster

**THE OHIO STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**Section II – Financial Statement Findings**

There are no findings related to the financial statements to be reported.

**THE OHIO STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**Section III – Federal Award Findings and Questioned Costs**

There are no findings and/or questioned costs related to federal awards to be reported.

**THE OHIO STATE UNIVERSITY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**JUNE 30, 2016**

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<b>Number</b>	<b>Finding and Description</b>	<b>Status</b>
2015-001	Three instances were identified where personnel salaries related to nine-month appointments charged to the program sponsor occurred after the appointment of those personnel ended. Total questionable cost was \$10,108.	Remediated during the current year. A query was developed to identify nine-month faculty who are charged to a sponsored project during their off-duty term, which is distributed via a list serve to senior fiscal officers so that appointments can be corrected and off-duty charges could be removed from projects and charge the personnel expense to the department. This ensures that the sponsor is not billed for the expense irrespective of any actions taken by the department. A separate report is run monthly and made available to Office of Human Resources (OHR). This is used as an exception report to identify appointments that are miscoded (account code does not correspond with appointment length). OHR distributes the report to Human Resource Professionals and Senior Fiscal Officers for clean-up.

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# **The Ohio State University Wexner Center for the Arts**

**Financial Statements as of and for the  
Years ended June 30, 2016 and 2015**

# The Ohio State University Wexner Center for the Arts

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June 30, 2016 and 2015

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## **Review Report of Independent Accountants**

To the Management of  
The Ohio State University Wexner Center for the Arts

We have reviewed the statements of the business-type activities of the Wexner Center for the Arts (“WCA”), a component of The Ohio State University, appearing on pages 9 to 25, which consist of the statements of net position as of June 30, 2016 and 2015, and the related statements of revenues, expenses, and other changes in net position and of cash flows and the related notes to the financial statements for the years then ended, which collectively comprise WCA’s basic financial statements. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the financial statements referred to above in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The accompanying management’s discussion and analysis on pages 3 through 8 and the required supplementary information on GASB 68 pension liabilities on page 26 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in the appropriate operational, economic, or historical context. Such information was not audited, reviewed or compiled by us and accordingly, we do not express an opinion or provide any assurance on it.



Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information on the (1) schedules of net position with elimination of the effect of building contributed capital investment and pension liability on pages 27 and 29, (2) the schedules of revenues, expenses and other changes in net position with elimination of the effect of building contributed capital investment and pension liability on pages 28 and 30, (3) the Ohio Arts Council Form M on page 31, and (4) the Reconciliation of Ohio Arts Council Form M to Statement of Revenues, Expense and Other Changes in Net Position on page 32 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

*PricewaterhouseCoopers LLP*

October 19, 2016

# The Ohio State University Wexner Center for the Arts

## Management's Discussion and Analysis

### As of and for the Year Ended June 30, 2016

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The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of the Wexner Center for the Arts for the year ended June 30, 2016 and 2015. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

#### About the Wexner Center

The Wexner Center for the Arts (WCA), which opened in November 1989 and celebrated its 25<sup>th</sup> anniversary in 2014, is a multi-disciplinary arts center located on the Columbus campus of The Ohio State University (the university). Conceived as a research laboratory for all the arts, it has emphasized commissions for new work and artist residencies since its inception. Its multidisciplinary programs encompass performing arts, exhibitions, and media arts (film/video) and have focused on cutting-edge culture from around the globe. The WCA building is named in honor of Harry L. Wexner, the father of Leslie H. Wexner, chairman and founder of Limited Brands and a major donor to the center.

The WCA receives significant financial support from the Wexner Center Foundation. The Foundation is a private, nonprofit partner of The Ohio State University Board of Trustees established for the overall purpose of advancing the interests of the WCA. Its primary role is to provide trustee guidance and sustained support for WCA programming.

#### About the Financial Statements

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

#### Financial Highlights

The WCA's financial position decreased \$3,562,988 in Fiscal Year 2016. Restricted-nonexpendable net position related to endowment funds decreased \$49,138 to \$19,478,383. Expendable net position, which includes unrestricted and restricted-expendable net position, decreased \$1,545,923, to \$2,561,886. This is the collective result of a decrease in restricted-expendable net position of \$2,111,157 and an increase in unrestricted net position of \$565,234.

The restricted-expendable net position benefited greatly in fiscal year 2015 compared to fiscal 2016 from a significant increase in gifts associated with WCA's 25<sup>th</sup> anniversary, which was celebrated in November 2014 with an unprecedented curated exhibition of pieces from the Wexner family's private art collection. However, the unrestricted net position was negatively affected by the required implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*.

In 2015, the university adopted a new pension accounting standard, GASB Statement No. 68. This standard requires governmental employers participating in defined-benefit pension plans to recognize liabilities for plans whose actuarial liabilities exceed the plan's net assets. These liabilities are referred to as net pension liabilities. The university participates in two multi-employer cost-sharing retirement systems, OPERS and STRS-Ohio. Under GASB Statement No. 68, the university is required to record a liability for its proportionate share of the net pension liabilities of the retirement systems. The adoption of the new pension standard resulted in a \$2,694,970 reduction in WCA's unrestricted net position as of July 1, 2014. WCA's share of these **net pension liabilities** was \$4,238,710 and \$2,983,498 at June

**The Ohio State University Wexner Center for the Arts**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2016**

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30, 2016 and 2015. Although most year-to-year changes in net pension liabilities are charged directly to pension expense, certain types of changes are deferred and recognized as pension expense in future periods. Pension-related deferred outflows and deferred inflows at June 30, 2016 totaled \$1,501,800 and \$90,701, respectively. WCA recognized total pension expense of \$810,647 in 2016. Total pension expense includes \$624,076 of employer contributions and \$186,571 in GASB 68 accruals.

It should be noted that, in Ohio, employer contributions to the state's cost-sharing multi-employer retirement systems are established by statute. These contributions, which are payable to the retirement systems one month in arrears, constitute the full legal claim on WCA for pension funding. Although the liabilities recognized under GASB Statement No. 68 meet the GASB's definition of a "liability" in its conceptual framework for accounting standards, they do not represent legal claims on WCA's resources, and there are no cash flows associated with the recognition of net pension liabilities, deferrals and expense.

Gift revenues totaled \$3,880,591 and \$7,833,215 for fiscal years 2016 and 2015, respectively. These gift figures include \$2,628,638 and \$3,802,284, respectively, in direct support from the Wexner Center Foundation.

The following sections provide additional details on the WCA's 2016 financial results and a look ahead at significant economic conditions that are expected to affect WCA in the future.

**The Ohio State University Wexner Center for the Arts  
Management's Discussion and Analysis  
As of and for the Year Ended June 30, 2016**

**Summary Statement of Net Position**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>			
Current assets			
Cash	\$ 2,893,208	\$ 2,551,509	\$ 1,074,729
Accounts receivable	93,353	15,574	32,930
Contributions receivable	1,667,523	2,243,374	1,332,056
Inventories and prepaid expenses	610,738	606,221	593,729
Total current assets	<u>5,264,822</u>	<u>5,416,678</u>	<u>3,033,444</u>
Noncurrent assets			
Endowments in OSU long-term investment pool	20,312,406	21,717,746	21,604,684
Property, plant & equipment, net	29,620,868	31,588,795	33,802,995
Total non-current assets	<u>49,933,274</u>	<u>53,306,541</u>	<u>55,407,679</u>
Deferred outflows			
Pension	1,501,800	400,218	-
Total deferred outflows	<u>1,501,800</u>	<u>400,218</u>	<u>-</u>
<b>Total assets and deferred outflows</b>	<b>\$ <u>56,699,896</u></b>	<b>\$ <u>59,123,437</u></b>	<b>\$ <u>58,441,123</u></b>
<b>LIABILITIES AND NET POSITION</b>			
Current liabilities			
Accounts payable	\$ 241,245	\$ 336,313	\$ 166,945
Accrued salary and wages	9,434	6,630	2,782
Advance payments for goods and services - current	33,123	62,085	123,522
Accrued vacation and sick leave - current	51,331	54,981	30,184
Total current liabilities	<u>335,133</u>	<u>460,009</u>	<u>323,433</u>
Noncurrent liabilities			
Net pension liability	4,238,710	2,983,498	-
Accrued vacation and sick leave - long term	374,215	398,045	431,681
Total non-current liabilities	<u>4,612,925</u>	<u>3,381,543</u>	<u>431,681</u>
Total liabilities	<u>4,948,058</u>	<u>3,841,552</u>	<u>755,114</u>
Deferred outflows			
Pension	90,701	57,760	-
Total deferred inflows	<u>90,701</u>	<u>57,760</u>	<u>-</u>
Net position			
Net investment in capital assets	29,620,868	31,588,795	33,802,995
Restricted:			
Nonexpendable	19,478,383	19,527,521	19,090,920
Expendable	4,883,160	6,994,317	4,520,333
Unrestricted	<u>(2,321,274)</u>	<u>(2,886,508)</u>	<u>271,761</u>
Total net position	<u>51,661,137</u>	<u>55,224,125</u>	<u>57,686,009.00</u>
<b>Total Liabilities, Deferred inflows and Net Position</b>	<b>\$ <u>56,699,896</u></b>	<b>\$ <u>59,123,437</u></b>	<b>\$ <u>58,441,123</u></b>

Total **current assets** decreased \$151,856, to \$5,264,822 at June 30, 2016, primarily due to a decrease in contributions receivable during the year. The Statement of Cash Flows, which is discussed in more detail below, provides additional details on sources and uses of WCA cash.

**Endowment investments** in the university's long-term investment pool decreased \$1,405,340, to \$20,312,406 at June 30, 2016 primarily due to a decrease in fair values relative to the prior year. The long-term investment pool is invested in a diversified portfolio of equities, fixed income, real estate, hedge funds, private equity, venture capital and natural resources that is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support the university's mission.

# The Ohio State University Wexner Center for the Arts

## Management's Discussion and Analysis

### As of and for the Year Ended June 30, 2016

The WCA's **property, plant and equipment**, net of accumulated depreciation, decreased \$1,967,927, to \$29,620,868, primarily due to building depreciation. University facilities assigned to the WCA include the WCA building and the adjacent Mershon Auditorium.

**Current liabilities** of the WCA decreased \$124,876, to \$335,133 at June 30, 2016, primarily due to a decrease in accrued expenses.

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

	2016	2015	2014
OPERATING REVENUES:			
Sales and services	\$ 814,601	\$ 1,082,306	\$ 1,041,772
Grants and contracts	505,372	375,081	943,565
Total operating revenues	1,319,973	1,457,387	1,985,337
OPERATING EXPENSES:			
Salaries	4,817,462	4,938,405	4,662,130
Employee benefits	1,825,254	1,579,646	1,754,559
Fees paid to performers and artists	338,690	389,943	201,560
Supplies and services	3,059,176	4,576,464	3,458,313
University overhead charges	32,242	41,601	32,810
Depreciation	2,407,294	2,527,092	2,405,320
Total operating expenses	12,480,118	14,053,151	12,514,692
NET OPERATING LOSS	(11,160,145)	(12,595,764)	(10,529,355)
NON-OPERATING REVENUES AND EXPENSES:			
University appropriations	4,067,964	4,538,132	4,190,469
Gifts	3,880,591	7,833,215	3,814,718
Endowment income distributions	835,167	858,389	854,645
Investment income	(1,601,482)	(376,436)	2,195,886
Transfers from University for capital projects	414,917	(24,450)	38,749
INCREASE (DECREASE) IN NET POSITION	(3,562,988)	233,086	565,112
NET POSITION -- Beginning of Year			
Beginning of year, as previously reported	55,224,125	57,686,009	57,120,897
Cumulative effect of accounting changes	-	(2,694,970)	-
NET POSITION -- End of Year	\$ 51,661,137	\$ 55,224,125	\$ 57,686,009

**Total net position** (equity) of the WCA decreased \$3,562,988, to \$51,661,137 at June 30, 2016. The decrease is comprised of \$4,422,729 in gifts and appropriations, \$1,248,268 of decreased investment and endowment income, which is offset by \$2,108,009 in normal operating and non-operating activities. It should be noted that the required subtotal for net operating income or loss will generally reflect a "loss", primarily due to the way operating and non-operating items are defined under GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating expenses include virtually all WCA expenses. Operating revenues, however, *exclude* certain significant revenue streams that the Center relies upon to fund current operations, including direct support from the University, current-use gifts and investment income.

# The Ohio State University Wexner Center for the Arts

## Management's Discussion and Analysis

### As of and for the Year Ended June 30, 2016

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#### Statement of Cash Flows

	2016	2015	2014
<b>Cash Provided by (Used in):</b>			
Operating activities	\$ (8,797,282)	\$ (10,014,798)	\$ (8,286,395)
Noncapital financing activities	8,499,956	11,254,558	8,710,057
Capital and related financing activities	-	(131,871)	-
Investing activities	639,025	368,891	566,679
<b>Net Increase in Cash</b>	341,699	1,476,780	990,341
Cash - Beginning of Year	2,551,509	1,074,729	84,388
Cash - End of Year	\$ 2,893,208	\$ 2,551,509	\$ 1,074,729

Total WCA **cash and cash equivalents** increased \$341,699, to \$2,893,208 at June 30, 2016. Operating activities include cash flows associated with sales and services, grants and contracts, and operating expenses. Non-capital financing activities include direct operating support from the University and gifts. Capital and related financing activities include payments for purchase or construction of capital assets and transfers for capital projects from the University. Net cash provided by investing activities consists primarily of endowment income distributions.

#### Economic Factors That Will Affect the Future

Ohio and the metropolitan Columbus area continues to grow solidly since the end of the "Great Recession." Central Ohio is still among the best economies in the Midwest; however, economists are expecting growth to slow down. As a result, a climate of restraint continues for all nonprofits, especially cultural organizations, which are still rebuilding from the economic setbacks of the recession.

The WCA has been fortunate over the years to have not only established but sustained a diversified financial base of private and public funding sources, which has contributed to its sound fiscal health relative to local and national peers. Each year, the WCA strives to secure private contributions from local, national, and international corporations and foundations as well as from individuals residing in central Ohio and beyond. These private funds, along with earned and investment income streams, are augmented with consistent public support from The Ohio State University and government funding agencies. The combination of these diverse income streams has ensured that the WCA remains financially stable across time. This fiscal year, it balanced its \$10+ million budget, before counting depreciation expenses and investment losses, and realized healthy cash reserves.

The WCA is ever mindful of the need to further strengthen its financial foundation to mitigate the risk it may face from future economic fluctuations, the ebb and flow of annual gifts, and potential reduction of historically major funding sources. In order to anticipate and counteract these fiscal challenges, the WCA is always pursuing new avenues of support, including national funders of the arts such as the National Endowment for the Arts, the Mellon Foundation, the Warhol Foundation, the Institute of Museum and Library Services, and others.

After a multi-year advocacy campaign, the Ohio Arts Council formally voted in favor of revised guidelines to acknowledge WCA in the "over-\$1.75M" sustainability level, which resulted in over \$145,000 in 2016 for annual operating support and will continue in the future.

**The Ohio State University Wexner Center for the Arts**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2016**

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The WCA remains focused on its foremost priority to “preserve the core,” which simply means securing and sustaining the quality and range of its programming as well as its present stature in the cultural field. The WCA is launching strategic initiatives and pursuing selective investments designed to advance institutional capacity; increase the number of program “investors” and “ambassadors”; and enhance reputational standing among national and international peers.

In support of those priorities, the Wexner Center Foundation Board has just concluded its capital campaign, raising \$59m (an 11% increase above its \$53m goal) to support new and direct investment in capital infrastructure; enhanced investment in programs and community engagement and national/international partnerships; and a significant increase in sustaining endowments. In addition, the board and senior leadership will continue the financial practices and protocols that have built and maintained its solid financial position through the years, including careful budget planning and regular fiscal reviews throughout the year.



**The Ohio State University Wexner Center for the Arts**  
**Statements of Net Position**  
**June 30, 2016 and June 30, 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$ 2,893,208	\$ 2,551,509
Accounts receivable	93,353	15,574
Contributions receivable	1,667,523	2,243,374
Inventories and prepaid expenses	610,738	606,221
Total current assets	5,264,822	5,416,678
NON-CURRENT ASSETS:		
Endowments in OSU long-term investment pool	20,312,406	21,717,746
Property, plant & equipment, net	29,620,868	31,588,795
Total non-current assets	49,933,274	53,306,541
Total assets	55,198,096	58,723,219
DEFERRED OUTFLOWS:		
Pension	1,501,800	400,218
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 56,699,896</b>	<b>\$ 59,123,437</b>
<b>LIABILITIES AND NET POSITION</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 241,245	\$ 336,313
Accrued salary and wages	9,434	6,630
Advance payments for goods and services - current	33,123	62,085
Accrued vacation and sick leave - current	51,331	54,981
Total current liabilities	335,133	460,009
NON-CURRENT LIABILITIES:		
Net pension liability	4,238,710	2,983,498
Accrued vacation and sick leave - long term	374,215	398,045
Total non-current liabilities	4,612,925	3,381,543
Total liabilities	4,948,058	3,841,552
DEFERRED INFLOWS:		
Pension	90,701	57,760
Total deferred inflows	90,701	57,760
NET POSITION:		
Net investment in capital assets	29,620,868	31,588,795
Restricted:		
Nonexpendable	19,478,383	19,527,521
Expendable	4,883,160	6,994,317
Unrestricted	(2,321,274)	(2,886,508)
<b>TOTAL NET POSITION</b>	<b>51,661,137</b>	<b>55,224,125</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$ 56,699,896</b>	<b>\$ 59,123,437</b>

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

**The Ohio State University Wexner Center for the Arts**  
**Statements of Revenues, Expenses and Other Changes in Net Position**  
**For the Years Ended June 30, 2016 and June 30, 2015**

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	<u>2016</u>	<u>2015</u>
<b>OPERATING REVENUES:</b>		
Sales and services	\$ 814,601	\$ 1,082,306
Grants and contracts	<u>505,372</u>	<u>375,081</u>
Total operating revenues	1,319,973	1,457,387
<b>OPERATING EXPENSES:</b>		
Salaries	4,817,462	4,938,405
Employee benefits	1,825,254	1,579,646
Fees paid to performers and artists	338,690	389,943
Supplies and services	3,059,176	4,576,464
University overhead charges	32,242	41,601
Depreciation	<u>2,407,294</u>	<u>2,527,092</u>
Total operating expenses	<u>12,480,118</u>	<u>14,053,151</u>
<b>NET OPERATING LOSS</b>	(11,160,145)	(12,595,764)
<b>NON-OPERATING REVENUES AND EXPENSES:</b>		
University appropriations	4,067,964	4,538,132
Gifts	3,880,591	7,833,215
Endowment income distributions	835,167	858,389
Net investment income/(loss)	<u>(1,601,482)</u>	<u>(376,436)</u>
Total non-operating revenue	7,182,240	12,853,300
<b>NET INCOME/(LOSS) BEFORE OTHER CHANGES IN NET POSITION</b>	(3,977,905)	257,536
<b>OTHER TRANSFERS AND CHANGES</b>		
Transfers from (to) University	<u>414,917</u>	<u>(24,450)</u>
<b>INCREASE/(DECREASE) IN NET POSITION</b>	<b>(3,562,988)</b>	<b>233,086</b>
<b>NET POSITION -- Beginning of Year</b>		
Beginning of year, as previously reported	55,224,125	57,686,009
Cumulative effect of accounting changes	<u>-</u>	<u>(2,694,970)</u>
<b>NET POSITION -- End of Year</b>	<b>\$ <u>51,661,137</u></b>	<b>\$ <u>55,224,125</u></b>

The accompanying notes are an integral part of these financial statements

**The Ohio State University Wexner Center for the Arts**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2016 and June 30, 2015**

	<u>2016</u>	<u>2015</u>
<b>Cash Flows from Operating Activities:</b>		
Grant and contract receipts	\$ 505,372	\$ 375,081
Receipts for sales and services	707,860	1,038,225
Payments to or on behalf of employees	(4,814,658)	(4,934,557)
University employee benefit payments	(1,666,163)	(1,588,485)
Payments to artists and performers	(338,690)	(443,873)
Payments to vendors for supplies and services	(3,191,003)	(4,461,189)
Net cash used by operating activities	<u>(8,797,282)</u>	<u>(10,014,798)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
University appropriations	4,067,964	4,357,111
Gifts	4,456,442	6,921,897
Transfers to the University	(24,450)	(24,450)
Net cash provided by noncapital financing activities	<u>8,499,956</u>	<u>11,254,558</u>
<b>Cash Flows from Capital Financing Activities:</b>		
Payments for purchase or construction of capital assets	-	(312,892)
Transfers from university for capital projects	-	181,021
Net cash provided (used) by capital financing activities	<u>-</u>	<u>(131,871)</u>
<b>Cash Flows from Investing Activities:</b>		
Investment purchases	(197,636)	(490,067)
Income and dividends received	836,661	858,958
Net cash provided (used) by investing activities	<u>639,025</u>	<u>368,891</u>
<b>Net Increase in Cash</b>	<b>341,699</b>	<b>1,476,780</b>
Cash - Beginning of Year	2,551,509	1,074,729
Cash - End of Year	<u>\$ 2,893,208</u>	<u>\$ 2,551,509</u>
<b>Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities:</b>		
Net operating loss	\$ (11,160,145)	\$ (12,595,764)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	2,407,294	2,527,092
Changes in assets and liabilities:		
Accounts receivable, net	(77,780)	17,356
Inventories and prepaid expenses	(4,517)	(12,492)
Accounts payable and accrued expenses	(95,068)	169,368
Accrued salary and wages	2,804	3,848
Advance payments for goods and services	(28,961)	(61,437)
Compensated absences	(27,480)	(8,839)
Net pension liability	1,255,212	55,710
Deferred outflows - pensions	(1,101,582)	(167,400)
Deferred inflows - pensions	32,941	57,760
Net cash used by operating activities	<u>\$ (8,797,282)</u>	<u>\$ (10,014,798)</u>
<b>Non-cash capital financing activities</b>		
Gifts of capital assets from the university	<u>\$ 439,367</u>	<u>\$ 0</u>

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

**The Ohio State University Wexner Center for the Arts**  
**Notes to Financial Statements**  
**June 30, 2016 and June 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES**

**Entity**

Wexner Center for the Arts ("WCA" or the "Center") is a part of The Ohio State University (the "university") financial reporting entity. The financial statements of the university contain more extensive disclosure of the significant accounting policies of the university as a whole.

**Basis of Presentation**

WCA complies with generally accepted accounting principles ("GAAP"). GAAP includes all relevant Governmental Accounting Standards Board ("GASB") pronouncements. WCA reports as a special purpose government engaged solely in "business type activities" under GASB Statement No. 34.

GASB Statement No. 34 requires that resources be classified for accounting and reporting purposes into the following net position categories:

Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted:

*Nonexpendable* – Amounts subject to externally imposed stipulations that they be maintained permanently by WCA and invested for the purpose of generating present and future income, which may either be expended or added to the principal.

*Expendable* – Amounts whose use by WCA is subject to externally imposed stipulations that can be fulfilled by actions of WCA pursuant to those stipulations or that expire by the passage of time.

Unrestricted: Amounts whose use by WCA is not subject to externally imposed stipulations. Unrestricted amounts may be designated for specific purposes by action of management of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

It is WCA's policy to apply restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

**Basis of Accounting**

The financial statements of WCA have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they are considered to be a legal or contractual obligation to pay.

**Cash**

Cash of WCA is maintained by the university which commingles the funds with other university-related organizations.

**Operating and Non-Operating Revenues and Expenses**

All investments consist of amounts invested in The Ohio State University Long Term Investment Pool and are recorded at fair value. The university's Office of Financial Services commingles the funds with other university-related organizations. Earned investment income is allocated to each organization based on its share of the total funds invested at the beginning of each year.

**The Ohio State University Wexner Center for the Arts**  
**Notes to Financial Statements**  
**Years Ended June 30, 2016 and June 30, 2015**

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Investments are carried at market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The net change in the value of investments during the years ended June 30, 2016 and 2015 is an (decrease) increase of (\$1,405,340) and \$113,062, respectively. These amounts take into account all changes in fair value (including purchases and sales) that occurred during each respective year.

The calculation of realized gain or loss is independent of the calculation of the net increase in fair value of investments. As of June 30, 2016, there is a cumulative net unrealized gain on investments of \$379,847. As of June 30, 2015, there was a cumulative net unrealized gain on investments of \$1,982,821.

**Contributions Receivable**

Contributions receivable of \$1,667,523 and \$2,243,374, as of June 30, 2016 and 2015, respectively, consist mostly of contributions received by the university's Advancement Office but not transferred to the operating accounts of WCA. Amounts are deemed fully collectible.

**Inventory**

Inventories consist primarily of textbooks, educational materials and merchandise sold by WCA bookstore and are stated at cost on the first-in-first-out (FIFO) basis.

**Capital Assets**

Capital assets with a unit cost of over \$5,000 are recorded at cost at date of acquisition, or, if donated, at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset. WCA does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are not encumbered or sold for financial gain. Consequently, such collections are not recognized in the financial statements.

**Revenue Recognition**

All revenues from programmatic sources are considered to be operating revenues. Included in operating revenues are sales and service revenues generated from artist performance shows, exhibitions and merchandise sales. Included in non-operating revenues are university support, investment income, and gifts. Gift revenues are recorded upon receipt from donors. Grant funds are recorded as revenues when the grant's contractual requirements have been met. The principal expendable restricted resources of WCA are current-use gifts and investment income.

**Support from the Wexner Center Foundation**

The Wexner Center Foundation is a private, nonprofit partner of The Ohio State University Board of Trustees established for the overall purpose of advancing the interests of WCA. Its primary role is to provide trustee guidance and sustained support for WCA programming. The Foundation provided \$2,628,638 and \$3,802,284 of direct support to WCA for the years ended June 30, 2016 and 2015, respectively. This support is included in gift revenues on the Statement of Revenues, Expenses and Changes in Net Position.

**Management Estimates**

The preparation of financial statements in conformity with accounting principles, generally accepted in the United States of America, requires the use of management estimates, primarily related to compensated absences and the collectability of receivables. Actual results could differ from those estimates.

# **The Ohio State University Wexner Center for the Arts**

## **Notes to Financial Statements**

### **Years Ended June 30, 2016 and June 30, 2015**

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#### **Newly Issued Accounting Pronouncements**

In June 2015, the GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015 (FY2016)—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016 (FY2017).

In June 2015, the GASB issued Statements No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Statements 74 and 75 establish new accounting and reporting standards for other postemployment benefits (OPEB), such as health insurance provided to retirees. Under the new standards, governments that participate in OPEB plans will be required to report in their statement of net position a net OPEB liability, which is the difference between the total OPEB liability and the assets set aside to pay OPEB. Statement 74, which applies to plans (such as OPERS and STRS-Ohio), is effective for periods beginning after June 15, 2016 (FY2017). Statement 75, which applies to plan participants (including the university), is effective for periods beginning after June 15, 2017 (FY2018).

In December 2015, the GASB issued Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans. This standard amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The standard is effective for financial statements for fiscal years beginning after December 15, 2015 (FY2017).

In December 2015, the GASB issued Statement No. 79, Certain External Investment Pools and Pool Participants. Statement 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. These criteria were formerly based on SEC regulations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015 (FY2016), except for the provisions in paragraphs 18, 19, 23–26, and 40, which are effective for reporting periods beginning after December 15, 2015 (FY2017).

In January 2016, the GASB issued Statement No. 80, Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14. This standard expands the blending criteria in Statement 14 to require blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The standard is effective for financial statements for fiscal years beginning after June 15, 2016 (FY2017).

In March 2016, the GASB issued Statement No. 81, Irrevocable Split-Interest Agreements. This standard requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception

# **The Ohio State University Wexner Center for the Arts**

## **Notes to Financial Statements**

### **Years Ended June 30, 2016 and June 30, 2015**

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of the agreement. It also requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. In general, revenue recognition related to these agreements will be delayed until a specified event occurs (such as the death of the lead beneficiary). The standard is effective for financial statements for fiscal years beginning after June 15, 2016 (FY2017).

In March 2016, the GASB issued Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73. This standard addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The standard is effective for financial statements for fiscal years beginning after June 15, 2016 (FY2017).

WCA management has elected to early-implement Statement 82 in FY2016 and is currently assessing the impact that implementation of GASB Statements 73, 74, 75, 78, 79, 80 and 81 will have on the university's financial statements.

#### **Implementation of GASB Statement No. 68**

In FY2015, the university implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 requires employers participating in cost-sharing multiple-employer pension plans to recognize a proportionate share of the net pension liabilities of the plans. A proportionate share of the university's net pension liabilities has been allocated to WCA, based on retirement plan contributions for WCA employees. The cumulative effect of adopting GASB Statement No. 68 was a \$2,694,970 reduction in WCA's net position as of July 1, 2014. Additional information regarding net pension liabilities, related deferrals and pension expense is provided in Note 4.

## **2. CASH AND INVESTMENTS**

WCA's investments are maintained in the university's investment pool. The pool consists of 5,275 Board authorized funds and 330 pending funds. Each named fund is assigned a number of shares, based on the value of the gifts, income-to-principal transfers, or transfers of operating funds to that named fund. The pool is invested in a diversified portfolio of equities and fixed income securities, as well as a number of alternative investment funds, such as real estate limited partnerships, hedge funds, private equity funds, venture capital funds and natural resources funds. The pool is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support WCA's mission.

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

The fair values of WCA's investments held in the university's investment pool were \$20,312,406 and \$21,717,746 at June 30, 2016 and 2015, respectively. The university holds certain types of alternative investments funds, which are carried at the net assets value provided by the management of these funds, which represents the estimated fair value. The purpose of this alternative investment fund class is to increase portfolio diversification and reduce risk due to the low correlation with other asset classes.

**The Ohio State University Wexner Center for the Arts**  
**Notes to Financial Statements**  
**Years Ended June 30, 2016 and June 30, 2015**

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

The following summarizes pooled shares and related values as of June 30, 2016:

<b>Name of Fund</b>	<b>Number of Shares</b>	<b>Cost</b>	<b>Market Value</b>
Haas, Carl Fund	34.49	\$ 155,130	\$ 197,029
Long, Ethel Manley	9.67	35,000	55,219
McKittrick Family Fund	1.09	5,393	6,212
Tappen Endowed Fund	2.62	15,000	14,973
Wexner Center Programs	5.33	25,000	30,476
Arnold SA Maint WCA	6.74	43,000	38,480
Fnd-Duke Performing Arts	385.02	2,539,756	2,199,483
Glimcher D&H Program Fd	31.28	180,000	178,673
Goldberg RiteRug WCA Prog	31.33	177,270	178,951
Lambert Family Lecture	100.92	648,334	576,524
Jean E Parish Endowment	36.23	207,330	206,966
Shumate Family Endowment	9.28	50,020	53,040
Wexner Center Program Endowment	2,758.82	15,000,000	15,760,044
Director's Dialogue	7.37	50,000	42,117
Geldin S Innovation FD	76.07	451,621	434,560
Fung Family Wexner Ctr	43.91	250,000	250,865
Fnd-Tuckerman Child	2.74	25,030	15,635
Mervis L&J Wexner Ctr	12.81	74,675	73,159
<b>Total</b>		<b>\$ 19,932,559</b>	<b>\$ 20,312,406</b>

The following summarizes pooled shares and related values as of June 30, 2015:

<b>Name of Fund</b>	<b>Number of Shares</b>	<b>Cost</b>	<b>Market Value</b>
Haas, Carl Fund	34.49	\$ 155,130	\$ 212,711
Long, Ethel Manley	9.67	35,000	59,614
McKittrick Family Fund	1.09	5,393	6,706
Tappen Endowed Fund	2.62	15,000	16,164
Wexner Center Programs	5.33	25,000	32,902
Arnold SA Maint WCA	6.40	41,000	39,442
Fnd-Duke Performing Arts	385.02	2,539,756	2,374,547
Glimcher D&H Program Fd	27.76	160,000	171,230
Goldberg RiteRug WCA Prog	27.88	157,230	171,966
Lambert Family Lecture	96.54	623,334	595,382
Parish JE Endowment	36.23	207,330	223,439
Shumate Family Endowment	9.28	50,020	57,262
Wexner Center Programs	2,758.82	15,000,000	17,014,432
Geldin S Innovation Fd	53.48	321,057	329,819
Director's Dialogue	7.37	50,000	45,469
Fung Family Wexner Ctr	43.91	250,000	270,832
Fnd-Tuckerman Child	2.73	25,000	16,848
Mervis L&J Wexner Ctr	12.81	74,675	78,981
<b>Total</b>		<b>\$ 19,734,925</b>	<b>\$ 21,717,746</b>



**The Ohio State University Wexner Center for the Arts**  
**Notes to Financial Statements**  
**Years Ended June 30, 2016 and June 30, 2015**

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**3. CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2016 is summarized as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Non-depreciable assets:</b>				
Construction in progress	\$ 189,049	\$ 439,367	\$ (628,416)	\$ -
<b>Depreciable assets:</b>				
Buildings	75,317,341	628,416	-	75,945,757
Furniture and Equipment	1,365,169	-	(23,206)	1,341,963
Total cost of depreciable assets	76,682,510	628,416	(23,206)	77,287,720
Total cost of capital assets	76,871,559	1,067,783	(651,622)	77,287,720
Less accumulated depreciation	45,282,764	2,407,294	(23,206)	47,666,852
Net capital assets	\$ 31,588,795	\$ (1,339,511)	\$ (628,416)	\$ 29,620,868

Capital assets activity for the year ended June 30, 2015 is summarized as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Non-depreciable assets:</b>				
Construction in progress	\$ 148,669	\$ 189,049	\$ (148,669)	\$ 189,049
<b>Depreciable assets:</b>				
Buildings	75,317,341	-	-	75,317,341
Furniture and Equipment	1,297,491	123,843	(56,164)	1,365,170
Total cost of depreciable assets	76,614,832	123,843	(56,164)	76,682,511
Total cost of capital assets	76,763,501	312,892	(204,833)	76,871,560
Less accumulated depreciation	42,960,506	2,378,423	(56,164)	45,282,765
Net capital assets	\$ 33,802,995	\$ (2,065,531)	\$ (148,669)	\$ 31,588,795

The following estimated useful lives are used to compute depreciation:

<b>Type of Asset</b>	<b>Estimated Useful Life</b>
Buildings	20 to 40 years
Equipment and furniture	5 to 15 years

**4. RETIREMENT PLAN**

All WCA employees are employees of the university and are covered by either the Ohio Public Employees Retirement System (OPERS) or the Alternative Retirement Plan (ARP). Employees may opt out of OPERS and participate in the ARP if they meet certain eligibility requirements.

**The Ohio State University Wexner Center for the Arts**  
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OPERS offers three separate plans: 1) a defined benefit plan, 2) a defined contribution plan and 3) a combined plan. Each of these three options is discussed in greater detail in the following sections.

**Defined Benefit Plans**

OPERS offers statewide cost-sharing multiple-employer defined benefit pension plans. OPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to eligible plan members and beneficiaries. Benefits are established by state statute and are calculated using formulas that include years of service and final average salary as factors. OPERS issues separate, publicly available financial reports that include financial statements and required supplemental information. These reports may be obtained by contacting the organization.

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

In accordance with GASB Statement No. 68, employers participating in cost-sharing multiple-employer plans are required to recognize a proportionate share of the collective net pension liabilities of the plans. Although changes in the net pension liability generally are recognized as pension expense in the current period, GASB Statement No. 68 requires certain items to be deferred and recognized as expense in future periods. Deferrals for differences between projected and actual investment returns are amortized to pension expense over five years. Deferrals for employer contributions subsequent to the measurement date are amortized in the following period (one year). Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 3 to 9 years).

The collective net pension liabilities of the retirement system and the WCA's proportionate share of these net pension liabilities as of June 30, 2016 is as follows:

	<b>OPERS</b>
Net pension liability - all employers	\$ 17,272,216,381
Proportion of the net pension liability - WCA	0.025%
Proportionate share of net pension liability	\$ 4,238,710

**The Ohio State University Wexner Center for the Arts**  
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The collective net pension liabilities of the retirement system and the WCA's proportionate share of these net pension liabilities as of June 30, 2015 is as follows:

	<u>OPERS</u>
Net pension liability - all employers	\$ 12,022,615,276
Proportion of the net pension liability - WCA	0.025%
Proportionate share of net pension liability	\$ 2,983,498

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2016:

	<u>OPERS</u>
<b>Deferred Outflows of Resources:</b>	
Net difference between projected and actual earnings on pension plan investments	\$ 1,258,285
Changes in proportion of university contributions	3,660
Employer contributions subsequent to the measurement date	239,855
<b>Total</b>	<b><u>\$ 1,501,800</u></b>
<b>Deferred Inflows of Resources:</b>	
Differences between expected and actual experience	\$ 90,593
Net difference between projected and actual earnings on pension plan investments	-
Changes in proportion of university contributions	108
<b>Total</b>	<b><u>\$ 90,701</u></b>

**The Ohio State University Wexner Center for the Arts**  
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Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2015:

	<u>OPERS</u>
<b>Deferred Outflows of Resources:</b>	
Net difference between projected and actual earnings on pension plan investments	\$ 161,085
Employer contributions subsequent to the measurement date	239,133
<b>Total</b>	<b><u>\$ 400,218</u></b>
<b>Deferred Inflows of Resources:</b>	
Differences between expected and actual experience	\$ 57,760
Net difference between projected and actual earnings on pension plan investments	-
<b>Total</b>	<b><u>\$ 57,760</u></b>

Net deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ending June 30 as follows:

	<u>OPERS</u>
2017	516,057
2018	295,790
2019	319,150
2020	284,098
2021	(1,042)
2022 and Thereafter	(2,954)
<b>Total</b>	<b><u>\$ 1,411,099</u></b>

The following table provides additional details on the pension benefit formulas, contribution requirements and significant assumptions used in the measurement of total pension liabilities for the retirement system.

**The Ohio State University Wexner Center for the Arts**  
**Notes to Financial Statements**  
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	<b>OPERS</b>
<b>Statutory Authority</b>	Ohio Revised Code Chapter 145
<b>Benefit Formula</b>	Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.
<b>Cost-of-Living Adjustments</b>	Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3% cost-of-living adjustment is provided on the member's base benefit.
<b>Contribution Rates</b>	Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2015, employer rates for the State and Local Divisions were 14% of covered payroll (and 18.1% for the Law Enforcement and Public Safety Divisions). Member rates for the State and Local Divisions were 10% of covered payroll (13% for Law Enforcement and 12% for Public Safety).
<b>Measurement Date</b>	December 31, 2015
<b>Actuarial Assumptions</b>	<b>Valuation Date:</b> December 31, 2015 <b>Actuarial Cost Method:</b> Individual entry age <b>Investment Rate of Return:</b> 8.00% <b>Inflation:</b> 3.75% <b>Projected Salary Increases:</b> 4.25% - 10.05% <b>Cost-of-Living Adjustments:</b> 3.00% Simple
<b>Date of Last Experience Study</b>	December 31, 2010
<b>Mortality Rates</b>	RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120% of the disabled female mortality rates were used, set forward two

**The Ohio State University Wexner Center for the Arts**  
**Notes to Financial Statements**  
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	<b>OPERS</b>																													
	years. For females, 100% of the disabled female mortality rates were used.																													
<b>Investment Return Assumptions</b>	<p>The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The following table displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:</p> <table><tr><td></td><td><b>Target</b></td><td><b>Long Term</b></td></tr><tr><td><b>Asset Class</b></td><td><b>Allocation</b></td><td><b>Expected</b></td></tr><tr><td>Fixed Income</td><td>23.0%</td><td>2.31%</td></tr><tr><td>Domestic Equity</td><td>20.7%</td><td>5.84%</td></tr><tr><td>Real Estate</td><td>10.0%</td><td>4.25%</td></tr><tr><td>Private Equity</td><td>10.0%</td><td>9.25%</td></tr><tr><td>International Equity</td><td>18.3%</td><td>7.40%</td></tr><tr><td>Other Investments</td><td>18.0%</td><td>4.59%</td></tr><tr><td><b>Total</b></td><td><b>100.0%</b></td><td></td></tr></table> <p>* Returns presented as arithmetic means</p>				<b>Target</b>	<b>Long Term</b>	<b>Asset Class</b>	<b>Allocation</b>	<b>Expected</b>	Fixed Income	23.0%	2.31%	Domestic Equity	20.7%	5.84%	Real Estate	10.0%	4.25%	Private Equity	10.0%	9.25%	International Equity	18.3%	7.40%	Other Investments	18.0%	4.59%	<b>Total</b>	<b>100.0%</b>	
	<b>Target</b>	<b>Long Term</b>																												
<b>Asset Class</b>	<b>Allocation</b>	<b>Expected</b>																												
Fixed Income	23.0%	2.31%																												
Domestic Equity	20.7%	5.84%																												
Real Estate	10.0%	4.25%																												
Private Equity	10.0%	9.25%																												
International Equity	18.3%	7.40%																												
Other Investments	18.0%	4.59%																												
<b>Total</b>	<b>100.0%</b>																													
<b>Discount Rate</b>	<p>The discount rate used to measure the total pension liability was 8.0% for both the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.</p>																													
<b>Sensitivity of Net Pension Liability to Changes in Discount Rate</b>	<b>1% Decrease</b> <b>(7.00%)</b>	<b>Current Rate</b> <b>(8.00%)</b>	<b>1% Increase</b> <b>(9.00%)</b>																											
	\$ 6,772,561	\$ 4,238,710	\$ 2,102,176																											

**Defined Contribution Plans**

ARP is a defined contribution pension plan. Full-time administrative and professional staff may choose enrollment in ARP in lieu of OPERS. Classified civil service employees hired on or after August 1, 2005 are also eligible to participate in ARP. ARP does not provide disability benefits, annual cost-of-living adjustments, postretirement health care benefits or death benefits to plan members and beneficiaries.

**The Ohio State University Wexner Center for the Arts**  
**Notes to Financial Statements**  
**Years Ended June 30, 2016 and June 30, 2015**

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Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

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

**Combined Plans**

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

**Summary of Employer Pension Expense**

Total pension expense for the year ended June 30, 2016, including employer contributions and accruals associated with recognition of net pension liabilities and related deferrals, is presented below.

	OPERS	ARP	Total
Employer Contributions	\$ 487,624	\$ 136,452	\$ 624,076
GASB 68 Accruals	186,571	-	186,571
Total Pension Expense	<b>\$ 674,195</b>	<b>\$ 136,452</b>	<b>\$ 810,647</b>

Total pension expense for the year ended June 30, 2015, including employer contributions and accruals associated with recognition of net pension liabilities and related deferrals, is presented below.

	OPERS	ARP	Total
Employer Contributions	\$ 482,872	\$ 157,661	\$ 640,532
GASB 68 Accruals	(53,930)	-	(53,930)
Total Pension Expense	<b>\$ 428,942</b>	<b>\$ 157,661</b>	<b>\$ 586,603</b>

**NOTE 5: OTHER POSTEMPLOYMENT BENEFITS**

OPERS currently provides post-employment health care benefits to retirees with ten or more years of qualifying service credit. These benefits are advance-funded on an actuarially determined basis and are financed through employer contributions and investment earnings. OPERS determines the amount, if any, of the associated health care costs that will be absorbed by OPERS. Under Ohio Revised Code (ORC), funding for medical costs paid from the funds of OPERS is included in the employer contribution rate. For calendar year 2015, OPERS allocated 2.0% of the employer contribution rate to fund the health care program for retirees.

**The Ohio State University Wexner Center for the Arts**  
**Notes to Financial Statements**  
**Years Ended June 30, 2016 and June 30, 2015**

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OPEB are not available to retirees enrolled in the OPERS member-directed plan or the ARP.

**NOTE 6: ACCRUED COMPENSATION AND COMPENSATED ABSENCES**

WCA employees earn vacation and sick leave on a monthly basis. Classified civil service employees may accrue vacation benefits up to a maximum of three years credit. Administrative and professional staff and faculty may accrue vacation benefits up to a maximum of 240 hours. For all classes of employees, any earned but unused vacation benefit is payable upon termination. Sick leave may be accrued without limit. However, earned but unused sick leave benefits are payable only upon retirement from the university with ten or more years of state service. The amount of sick leave benefit payable at retirement is one fourth of the accrued but unused sick leave up to a maximum of 240 hours.

WCA follows the university's policy for accruing sick leave liability. WCA accrues a sick leave liability for those employees who are currently eligible to receive termination payments along with other employees who are expected to become eligible to receive such payments. This liability is calculated using the "termination payment method" which is set forth in Appendix C, Example 4 of the GASB Statement No. 16, *Accounting for Compensated Absences*.

Under the termination method, WCA utilizes the university's calculated rate, Sick Leave Termination Cost Per Year Worked, that is based on the university's actual historical experience of sick leave payouts to terminated employees. This ratio is then applied by WCA to the total year-of-service for WCA current employees.

Accrued salaries were \$9,434 and \$6,630 as of June 30, 2016 and 2015, respectively. Accrued vacation and sick leave liabilities were \$425,546 and \$453,026 as of June 30, 2016 and 2015, respectively.

Long term liability related to accrued compensation as of June 30, 2016 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Compensated absences	\$ 453,026	\$ 23,851	\$ 51,331	\$ 425,546
Less: current portion	54,981			51,331
<b>Long term liability</b>	<b>\$ 398,045</b>			<b>\$ 374,215</b>

Long term liability related to accrued compensation as of June 30, 2015 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Compensated absences	\$ 461,865	\$ 46,142	\$ 54,981	\$ 453,026
Less: current portion	30,184			54,981
<b>Long term liability</b>	<b>\$ 431,681</b>			<b>\$ 398,045</b>



**The Ohio State University Wexner Center for the Arts**  
**Notes to Financial Statements**  
**Years Ended June 30, 2016 and June 30, 2015**

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**NOTE 7: UNIVERSITY SUPPORT**

The operations of WCA are supported in part by the general revenues of the university. The university provides for the general operating costs of WCA operations. The university's direct support amounted to \$4,067,964 and \$4,538,132 for the years ended June 30, 2016 and 2015, respectively.

**NOTE 8: OPERATING LEASES**

WCA leased office space under an agreement with a five year occupancy term covering the period March 1, 2014 through February 28, 2016. Rental expense charged to operations was \$123,433 and \$147,679 for the years ended June 30, 2016 and 2015, respectively.

WCA leases apartment space for visiting artists under an agreement with a one year occupancy term covering the period July 29, 2016 through July 27, 2017.

Future minimum rental payments for this lease as of June 30, 2016 are as follows:

Year Ending June 30, 2016	<u>\$11,148</u>
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Rental expense charged to operations was \$10,652 and \$10,745 for the years ended June 30, 2016 and 2015, respectively.

WCA, as a lessor, leases space used as a café to a tenant under a licensing agreement. The monthly license fee owed to WCA is 2.8% of gross sales during year one and two. The current lease expired July 31, 2015. An amendment to the lease was agreed to in January 2016 and extended the period to June 30, 2017.

Rental income received to operations was \$10,070 and \$18,163 for the years ended June 30, 2016 and 2015, respectively.

# Required Supplementary Information

**The Ohio State University Wexner Center for the Arts**  
**Required Supplementary Information on GASB 68 Pension Liabilities**  
**For the Year Ended June 30, 2016**

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The schedules of the WCA's proportionate shares of OPERS net pension liabilities and WCA retirement contributions are presented below:

	OPERS	
	2016	2015
<b>Schedule of Proportionate Share of the Net Pension Liability</b>		
WCA proportion of the collective net pension liability	0.025%	0.025%
WCA proportionate share of the net pension liability	\$ 4,238,710	\$ 2,983,498
WCA covered payroll	\$ 3,373,240	\$ 3,352,002
WCA proportionate share of the net pension liability as a percentage of its covered payroll	126%	89%
Plan fiduciary net position as a percentage of the total pension	81.2%	86.5%
<b>Schedule of WCA Contributions</b>		
Contractually required contribution	\$ 487,624	\$ 482,872
Contributions in relation to the contractually required	\$ 487,624	\$ 482,872
Contribution deficiency (excess)	\$ -	\$ -
WCA covered payroll	\$ 3,426,305	\$ 3,383,541
Contributions as a percentage of covered payroll	14.2%	14.3%

# Supplementary Information

# The Ohio State University Wexner Center for the Arts

## Supplementary Information on Net Position with Elimination of the Effect of Building Contributed Capital Investment and Pension Liability

### June 30, 2016

The Ohio State University  
Wexner Center for the Arts  
Supplemental Schedule of Net Position  
Elimination of Effect of Building Contributed Capital Investment  
As of June 30, 2016

	Reviewed Balances 2016	Elimination of Building Contributed Capital Investment	Elimination of GASB 68 (Pension Liability)	Adjusted Balances 2016
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash	\$ 2,893,208	\$ -	\$ -	\$ 2,893,208
Accounts receivable	93,353	-	-	93,353
Contributions receivable	1,667,523	-	-	1,667,523
Inventories and prepaid expenses	610,738	-	-	610,738
Total current assets	5,264,822	-	-	5,264,822
<b>NON-CURRENT ASSETS:</b>				
Endowments in OSU long-term investment pool	20,312,406	-	-	20,312,406
Property, plant & equipment, net	29,620,868	(29,620,868)	-	-
Total non-current assets	49,933,274	(29,620,868)	-	20,312,406
Deferred outflows - pensions	1,501,800	-	(1,501,800)	-
<b>TOTAL ASSETS</b>	<b>\$ 56,699,896</b>	<b>\$ (29,620,868)</b>	<b>\$ (1,501,800)</b>	<b>\$ 25,577,228</b>
<b>LIABILITIES AND NET POSITION</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	\$ 241,245	\$ -	\$ -	\$ 241,245
Accrued salary and wages	9,434	-	-	9,434
Advance payments for goods and services - current	33,123	-	-	33,123
Accrued vacation and sick leave - current	51,331	-	-	51,331
Total current liabilities	335,133	-	-	335,133
<b>NON-CURRENT LIABILITIES:</b>				
Net pension liability	4,238,710	-	(4,238,710)	-
Accrued vacation and sick leave - long term	374,215	-	-	374,215
Total non-current liabilities	4,612,925	-	(4,238,710)	374,215
<b>TOTAL LIABILITIES</b>	<b>4,948,058</b>	<b>-</b>	<b>(4,238,710)</b>	<b>709,348</b>
Deferred inflows - pensions	90,701	-	(90,701)	-
<b>NET POSITION:</b>				
Net investment in capital assets	29,620,868	(29,620,868)	-	-
Restricted:				
Nonexpendable	19,478,383	-	-	19,478,383
Expendable	4,883,160	-	-	4,883,160
Unrestricted	(2,321,274)	-	2,827,611	506,337
<b>TOTAL NET POSITION</b>	<b>51,661,137</b>	<b>(29,620,868)</b>	<b>2,827,611</b>	<b>24,867,880</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$ 56,699,896</b>	<b>\$ (29,620,868)</b>	<b>\$ (1,501,800)</b>	<b>\$ 25,577,228</b>

**The Ohio State University Wexner Center for the Arts**  
**Supplementary Information on Statements of Revenues, Expenses and Other**  
**Changes in Net Position with Elimination of the Effect of Building Contributed**  
**Capital Investment and Pension Liability**  
**For the Year Ended June 30, 2016**

The Ohio State University  
Wexner Center for the Arts  
Supplemental Schedule of Revenues, Expenses and Changes in Net Position  
Elimination of Effect of Building Contributed Capital Investment  
For the Year Ended June 30, 2016

	<b>Reviewed Balances 2016</b>	<b>Elimination of Building Contributed Capital Investment</b>	<b>Elimination of GASB 68 (Pension Liability)</b>	<b>Adjusted Balances 2016</b>
OPERATING REVENUES:				
Sales and services	\$ 814,601	\$ -	\$ -	\$ 814,601
Grants and contracts	505,372	-	-	505,372
Total operating revenues	1,319,973	-	-	1,319,973
OPERATING EXPENSES:				
Salaries	4,817,462	-	-	4,817,462
Employee Benefits	1,825,254	-	(186,571)	1,638,683
Fees paid to performers and artists	338,690	-	-	338,690
Supplies and services	3,059,176	-	-	3,059,176
University overhead charges	32,242	-	-	32,242
Depreciation	2,407,294	(2,407,294)	-	-
Total operating expenses	12,480,118	(2,407,294)	(186,571)	9,886,253
NET OPERATING LOSS	(11,160,145)	2,407,294	186,571	(8,566,280)
NON-OPERATING REVENUES AND EXPENSES:				
University appropriations	4,067,964	-	-	4,067,964
Gifts	3,880,591	-	-	3,880,591
Endowment income distributions	835,167	-	-	835,167
Investment income	(1,601,482)	-	-	(1,601,482)
Transfers from University for capital projects	414,917	(439,367)	-	(24,450)
INCREASE (DECREASE) IN NET POSITION	(3,562,988)	1,967,927	186,571	(1,408,490)
NET POSITION -- Beginning of Year	55,224,125	(31,588,795)	2,641,040	26,276,370
NET POSITION -- End of Year	\$ 51,661,137	\$ (29,620,868)	\$ 2,827,611	\$ 24,867,880

**The Ohio State University Wexner Center for the Arts**  
**Supplementary Information on Net Position with Elimination of the Effect of**  
**Building Contributed Capital Investment and Pension Liability**  
**June 30, 2015**

	<b>Reviewed Balances 2015</b>	<b>Elimination of Building Contributed Capital Investment</b>	<b>Elimination of GASB 68 (Pension Liability)</b>	<b>Adjusted Balances 2015</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash	\$ 2,551,509	\$ -	\$ -	\$ 2,551,509
Accounts receivable	15,574	-	-	15,574
Contributions receivable	2,243,374	-	-	2,243,374
Inventories and prepaid expenses	606,221	-	-	606,221
Total current assets	5,416,678	-	-	5,416,678
<b>NON-CURRENT ASSETS:</b>				
Endowments in OSU long-term investment pool	21,717,746	-	-	21,717,746
Property, plant & equipment, net	31,588,795	(31,588,795)	-	-
Total non-current assets	53,306,541	(31,588,795)	-	21,717,746
<b>DEFERRED OUTFLOWS:</b>				
Pension	400,218	-	(400,218)	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 59,123,437</b>	<b>\$ (31,588,795)</b>	<b>\$ (400,218)</b>	<b>\$ 27,134,424</b>
<b>LIABILITIES AND NET POSITION</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable and accrued expenses	\$ 336,313	\$ -	\$ -	\$ 336,313
Accrued salary and wages	6,630	-	-	6,630
Advance payments for goods and services - current	62,085	-	-	62,085
Accrued vacation and sick leave - current	54,981	-	-	54,981
Total current liabilities	460,009	-	-	460,009
<b>NON-CURRENT LIABILITIES:</b>				
Net pension liability	2,983,498	-	(2,983,498)	-
Accrued vacation and sick leave - long term	398,045	-	-	398,045
Total non-current liabilities	3,381,543	-	(2,983,498)	398,045
<b>TOTAL LIABILITIES</b>	<b>3,841,552</b>	<b>-</b>	<b>(2,983,498)</b>	<b>858,054</b>
<b>DEFERRED INFLOWS:</b>				
Net pension liability	57,760	-	(57,760)	-
<b>NET POSITION:</b>				
Net investment in capital assets	31,588,795	(31,588,795)	-	-
Restricted:				
Nonexpendable	19,527,521	-	-	19,527,521
Expendable	6,994,317	-	-	6,994,317
Unrestricted	(2,886,508)	-	2,641,040	(245,468)
<b>TOTAL NET POSITION</b>	<b>55,224,125</b>	<b>(31,588,795)</b>	<b>2,641,040</b>	<b>26,276,370</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 59,123,437</b>	<b>\$ (31,588,795)</b>	<b>\$ (400,218)</b>	<b>\$ 27,134,424</b>

**The Ohio State University Wexner Center for the Arts**  
**Supplementary Information on Statements of Revenues, Expenses and Other**  
**Changes in Net Position with Elimination of the Effect of Building Contributed**  
**Capital Investment and Pension Liability**  
**For the Year Ended June 30, 2015**

	<b>Reviewed Balances 2015</b>	<b>Elimination of Building Contributed Capital Investment</b>	<b>Elimination of GASB 68 (Pension Liability)</b>	<b>Adjusted Balances 2015</b>
OPERATING REVENUES:				
Sales and services	\$ 1,082,306	\$ -	\$ -	\$ 1,082,306
Grants and contracts	375,081	-	-	375,081
Total operating revenues	1,457,387	-	-	1,457,387
OPERATING EXPENSES:				
Salaries	4,938,405	-	-	4,938,405
Employee Benefits	1,579,646	-	53,930	1,633,576
Fees paid to performers and artists	389,943	-	-	389,943
Supplies and services	4,576,464	-	-	4,576,464
University overhead charges	41,601	-	-	41,601
Depreciation	2,527,092	(2,527,092)	-	-
Total operating expenses	14,053,151	(2,527,092)	53,930	11,579,989
NET OPERATING LOSS	(12,595,764)	2,527,092	(53,930)	(10,122,602)
NON-OPERATING REVENUES AND EXPENSES:				
University appropriations	4,538,132	-	-	4,538,132
Gifts	7,833,215	-	-	7,833,215
Endowment income distributions	858,389	-	-	858,389
Investment income	(376,436)	-	-	(376,436)
Total non-operating revenue	12,853,300	-	-	12,853,300
NET INCOME (LOSS) BEFORE OTHER CHANGES IN NET POSITION	257,536	2,527,092	(53,930)	2,730,698
OTHER TRANSFERS AND CHANGES				
Transfers from University for capital projects	(24,450)	-	-	(24,450)
INCREASE (DECREASE) IN NET POSITION	233,086	2,527,092	(53,930)	2,706,248
NET POSITION -- Beginning of Year				
Beginning of year, as previously reported	57,686,009	(34,115,887)		23,570,122
Cumulative effect of accounting changes	(2,694,970)	-	2,694,970	-
NET POSITION -- End of Year	\$ 55,224,125	\$ (31,588,795)	\$ 2,641,040	\$ 26,276,370



**The Ohio State University Wexner Center for the Arts**  
**Supplementary Information on Ohio Arts Council Form M**  
**June 30, 2016**

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	<b>Amount</b>	<b>Financial Statement Cross Reference</b>
<b>Revenues</b>		
1. Admissions	\$ 248,336	A
2. Memberships	500,523	D
3. Contracted Services Revenues (fees, tuition, etc.)	513	A
4. Other Revenues (itemize):		
a. Concessions, Sales, Rentals, etc. (gross)	545,716	A
b. Benefits (gross)	39,536	A, D
c. Income on Investments and Endowments (net)	<u>835,167</u>	E
<b>5. Total Revenues (add lines 1-4)</b>	<b>\$ 2,169,791</b>	
<b>Support</b>		
6. Corporate Support	\$ 2,737,524	D
7. Foundation Support	131,772	D
8. Other Private Support (itemize)		
a. Individual Contributions/Sponsors	284,296	D
b. United Arts Fund		
c. Mellon Foundation	51,664	B
9. Government Support		
a. Federal	40,000	B
b. Local Government		
i. City	264,465	B
ii. County		
c. State/Regional Funds		
i. Ohio Arts Council (all grants)	145,843	B
ii. Other State/Regional	3,400	B
10. Other Support (itemize)		
a. University Appropriations	<u>4,067,964</u>	C
<b>11. Total Support (add lines 6-10)</b>	<b>\$ 7,726,928</b>	
<b>12. Total Revenues and Support (add lines 5 and 11)</b>	<b><u>\$ 9,896,719</u></b>	

**The Ohio State University Wexner Center for the Arts**  
**Supplementary Information on Reconciliation of Ohio Arts Council Form M**  
**to Statement of Revenues, Expenses and Other Changes in Net Position**  
**For the Year Ended June 30, 2016**

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**A. Sales and Services Revenues:**

*Form M Line-Items:*

1. Admissions	\$ 248,336
3. Contracted Services Revenue	513
4a. Concessions, Sales, Rentals, etc. (gross)	545,716
4b. Benefits (gross) <sup>1</sup>	<u>20,036</u>

**Total Sales and Services per Income Statement** \$ 814,601

**B. Grant and Contract Revenues:**

*Form M Line-Items:*

8c. Other Private Support - Mellon Foundation	\$ 51,664
9a. Government Support - Federal (NEA)	40,000
9bi. Government Support - Local Government (GCAC)	264,465
9ci. Government Support - State/Regional Funds (OAC)	145,843
9cii. Government Support - Other State/Regional (Arts Midwest)	<u>3,400</u>

**Total Grants and Contracts per Income Statement** \$ 505,372

**C. University Appropriations:**

*Form M Line-Items:*

10a. Other Support - University Appropriations	<u>\$ 4,067,964</u>
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**D. Gifts:**

*Form M Line-Items:*

2. Memberships	\$ 500,523
6. Corporate Support	2,737,524
7. Foundation Support	131,772
8a. Other Private Support - Individual Contributions	284,296
4b. Benefits (gross) <sup>1</sup>	<u>19,500</u>
Subtotal - Gifts reported on Form M	<u>3,673,615</u>

Add: Endowment and Capital Gifts<sup>2</sup> 206,976

**Total Gifts per Income Statement** \$ 3,880,591

**E. Endowment Income Distributions:**

*Form M Line-Items:*

4c. Income on Investment and Endowments (net)	<u>\$ 835,167</u>
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**SUBTOTAL** **10,103,695**

Less: Endowment, Inkind and Capital Gifts<sup>2</sup> (206,976)

**TOTAL Revenues and Support - Form M** **\$ 9,896,719**



# Dave Yost • Auditor of State

THE OHIO STATE UNIVERSITY

FRANKLIN COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
DECEMBER 29, 2016