

FINANCIAL REPORT

For the Fiscal Year
Ended June 30, 2000



The Ohio University Foundation
Athens, Ohio



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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To the Board of Trustees of
The Ohio University Foundation

We have reviewed the independent auditor's report of the Ohio University Foundation, Athens County, prepared by Arthur Andersen LLP, for the audit period July 1, 1999 through June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

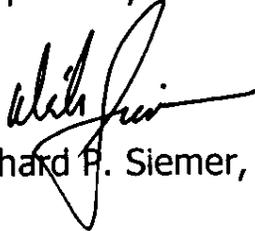
JIM PETRO
Auditor of State

April 19, 2001

TO
THE PRESIDENT AND TRUSTEES OF
THE OHIO UNIVERSITY FOUNDATION

I herewith tender the Financial Statements
Of The Ohio University Foundation for the period
July 1, 1999 through June 30, 2000.

Respectfully submitted

A handwritten signature in black ink, appearing to read "Richard P. Siemer", written over the printed name below.

Richard P. Siemer, Treasurer

BOARD OF TRUSTEES MEMBERS

TERM EXPIRES
JUNE 30,

Patricia A. Ackerman, Bedford Heights, Ohio	2003
Robert Arter, Leavenworth, Kansas	2003
Robert P. Axline, Northboro, Massachusetts	2003
Carolyn Balogh, Novelty, Ohio	2003
Deborah Phillips Bower, Columbus, Ohio	2003
Jeanette Grasselli Brown, Chagrin Falls, Ohio	2000
Richard H. Brown, Dallas, Texas	2002
Gordon F. Brunner, Cincinnati, Ohio	2000
Sydney E. Buck, Corona del Mar, California	2002
William J. Burke, New Albany, Ohio	2000
David L. Burner, Charlotte, North Carolina	2000
J. Patrick Campbell, Potomac, MD	2003
Steven Carin, Jr., Guysville, Ohio	2002
Richard F. Carlile, Dayton, Ohio	2002
Alfred G. Corrado, Shaker Heights, Ohio	2000
James E. Daley, Plano, Texas	2002
John D. Davis, Ironton, Ohio	2003
Charles R. Emrick, Jr., Westlake, Ohio	2002
Charlotte Coleman Eufinger, Marysville, Ohio	2003
Robert Glidden, Athens, Ohio	
N. Victor Goodman, New Albany, Ohio	2001
B. T. Grover, Jr., Athens, Ohio	2002
Leona H. Hughes, Sarasota, Florida	2001
J. Davis Illingworth, Jr., Irvine, California	2003
Scott C. Kirschman, Cincinnati, Ohio	2000
Wilfred R. Konneker, Ladue, Missouri	Life Trustee
Frank P. Krasovec, Austin, Texas	2002
Richard T. Lewis, Lake Forest, Illinois	2002
Robert W. Litter, Chillicothe, Ohio	2000
Sheila R. McHale, Aurora, Ohio	2003
Cruse W. Moss, Ann Arbor, Michigan	2001
Philip Muck, Sewickley, Pennsylvania	2001
Howard E. Nolan, Oviedo, Florida	2000
Robert J. Ondercik, Brecksville, Ohio	2003
Karol A. Ondick, Enon, Ohio	2001
Clarence E. Page, Silver Spring, Maryland	2002
Jerry P. Peppers, Scarsdale, New York	2000
Leonard R. Raley, Athens, Ohio	
Alan E. Riedel, Houston, Texas	2001
T. Richard Robe, Salem, South Carolina	2001
Stacia L. Roth, Mason, Ohio	2002
Lawrence L. Schey, Athens, Ohio	2003
Lucille L. Schey, Westlake, Ohio	2003
Steven L. Schoonover, Minden, Louisiana	2003
Daniel Kung-Chen Shao, Hong Kong	2001
Richard P. Siemer, Athens, Ohio	
Lola Signom, Dayton, Ohio	2002
C. David Snyder, Lakewood, Ohio	2001

BOARD OF TRUSTEES MEMBERS, CONTINUED

TERM EXPIRES
JUNE 30,

Pat Study, Chicago, Illinois	2003
John P. Susany, Twinsburg, Ohio	2002
Barbara Strom Thompson, Bethesda, Maryland	2003
Frank E. Underwood, Petersburg, Virginia	2002
Donald H. Voelker, Brevard, North Carolina	2001
Alan I. Weinberg, Norcross, Georgia	2000
Harry W. White, St. Clairsville, Ohio	2003
David Wilhelm, Chicago, Illinois	2002
Richard R. Wilhelm, Miami Beach, Florida	2003
Joseph B. Yanity, Athens, Ohio	2000

1999-2000 OFFICERS

James E. Daley, Chairman	2000
Charlotte Coleman Eufinger, Vice Chairman	2000
Frank E. Underwood, Secretary	2000
Richard P. Siemer Treasurer	2000
Leonard R. Raley, Executive Director	2000

2000-2001 OFFICERS

James E. Daley, Chairman	2001
Charlotte Coleman Eufinger, Vice Chairman	2001
Frank E. Underwood, Secretary	2001
Richard P. Siemer Treasurer	2001
Leonard R. Raley, Executive Director	2001

REAPPOINTMENTS

Robert Arter, Leavenworth, Kansas	2003
Robert P. Axline, Northboro, Massachusetts	2003
Deborah Phillips Bower, Columbus, Ohio	2003
John D. Davis, Ironton, Ohio	2003
Charlotte Coleman Eufinger, Marysville, Ohio	2003
J. Davis Illingworth, Jr., Irvine, California	2003
Sheila R. McHale, Aurora, Ohio	2003
Lucille L. Schey, Westlake, Ohio	2003
Harry W. White, St. Clairsville, Ohio	2003
Richard R. Wilhelm, Miami Beach, Florida	2003

BOARD OF TRUSTEES MEMBERS, CONTINUED

TERM EXPIRES
JUNE 30,

NEW APPOINTMENTS	
Patricia A. Ackerman, Bedford Heights, Ohio	2003
Carolyn E. Balogh, Novelty, Ohio	2003
J. Patrick Campbell, Potomac, MD	2003
Robert J. Ondercik, Brecksville, Ohio	2003
Lawrence L. Schey, Athens, Ohio	2003
Steven L. Schoonover, Minden, Louisiana	2003
Pat Study, Chicago, Illinois	2003
John P. Susany, Twinsburg, Ohio	2002
Barbara Strom Thompson, Bethesda, Maryland	2003
David Wilhelm, Chicago, Illinois	2002

THE OHIO UNIVERSITY FOUNDATION AND SUBSIDIARY

Combining Financial Statements
As Of June 30, 2000 And 1999

Together With Auditors' Report

THE OHIO UNIVERSITY FOUNDATION

**Index for Combining Financial Statements
As of June 30, 2000 and 1999**

	<u>Page(s)</u>
Report of Independent Public Accountants	1
Combining Statements of Financial Position	2-5
Combining Statements of Activities	6-9
Combined Statements of Cash Flows	10-11
Notes to Combining Financial Statements	12-23

Report of Independent Public Accountants

To the Board of Trustees of
THE OHIO UNIVERSITY FOUNDATION:

We have audited the accompanying combining statements of financial position of THE OHIO UNIVERSITY FOUNDATION (an Ohio not-for-profit corporation) and subsidiary as of June 30, 2000 and 1999, and the related combining statements of activities and combined cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ohio University Foundation and subsidiary as of June 30, 2000 and 1999, and the changes in their net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Arthur Andersen LLP

Columbus, Ohio,
October 13, 2000.

THE OHIO UNIVERSITY FOUNDATION

Combining Statement of Financial Position
As of June 30, 2000

	Unrestricted	Temporarily Restricted	Permanently Restricted	Agency	Enterprise	Eliminations	Total
ASSETS:							
Cash	\$ 537,192	\$ 7,006	\$ 50,000	\$ -	\$ 970,444	\$ -	\$ 1,564,642
Accounts receivable	207,400	30,408	51,377	-	153,642	-	442,827
Pledges receivable	-	4,475,952	4,249,257	-	-	-	8,725,209
Bequests receivable	-	-	901,826	-	-	-	901,826
Interest and dividends receivables	98,489	310,481	801	-	-	-	409,771
Investments in securities	12,576,128	107,240,795	68,614,348	269,951	-	-	188,701,222
Investment in Inn-Ohio of Athens, Inc.	4,827,597	-	-	-	-	(4,827,597)	-
Property and equipment, net	324,712	-	243,776	-	5,748,418	-	6,316,906
Prepaid expenses	20,263	58,771	-	-	-	-	79,034
Cash surrender value - life insurance policies	184,223	472,610	1,314,137	-	-	-	1,970,970
Notes receivable	145,000	-	-	-	-	-	145,000
Charitable remainder trusts	-	-	1,228,385	-	-	-	1,228,385
Charitable gift annuity trusts	-	-	4,515,206	-	-	-	4,515,206
Other	-	-	-	-	170,334	-	170,334
Total assets	<u>18,921,004</u>	<u>112,596,023</u>	<u>81,169,113</u>	<u>269,951</u>	<u>7,042,838</u>	<u>(4,827,597)</u>	<u>215,171,332</u>
LIABILITIES AND NET ASSETS/SHAREHOLDER'S EQUITY:							
Liabilities							
Accounts payable:							
- Ohio University	326,445	571,594	-	-	-	-	898,039
- Trade and other	9,185	406,705	16,743	-	580,185	-	1,012,818
Annuities payable	-	-	2,834,006	-	-	-	2,834,006
Deposits held in custody for others	-	-	-	269,951	-	-	269,951
Long-term debt and short-term debt	-	-	-	-	1,635,056	-	1,635,056
Total liabilities	<u>\$ 335,630</u>	<u>\$ 978,299</u>	<u>\$ 2,850,749</u>	<u>\$ 269,951</u>	<u>\$ 2,215,241</u>	<u>\$ -</u>	<u>\$ 6,649,870</u>

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THE OHIO UNIVERSITY FOUNDATION

Combining Statement of Financial Position (Continued)

As of June 30, 2000

	Unrestricted	Temporarily Restricted	Permanently Restricted	Agency	Enterprise	Eliminations	Total
Net assets:							
Unrestricted:							
- Board of Trustees designated quasi-endowments	\$ 15,872,092	-	\$ -	-	\$ -	-	\$ 15,872,092
- Board of Trustees designated other	2,162,396	-	-	-	-	-	2,162,396
- Undesignated	550,886	-	-	-	-	-	550,886
Temporarily restricted	-	26,281,674	-	-	-	-	26,281,674
Temporarily restricted funds designated as endowments	-	85,336,050	-	-	-	-	85,336,050
Permanently restricted	-	-	78,318,364	-	-	-	78,318,364
Shareholder's equity:							
Common stock, no par value, stated value \$10,000 per share, 750 shares authorized, 342,9181 shares issued and outstanding	-	-	-	-	3,429,182	(3,429,182)	-
Contributed capital	-	-	-	-	4,140,455	(4,140,455)	-
Retained deficit	-	-	-	-	(2,742,040)	2,742,040	-
Total net assets/shareholder's equity	18,585,374	111,617,724	78,318,364	-	4,827,597	(4,827,597)	208,521,462
Total liabilities and net assets/ shareholder's equity	\$ 18,921,004	\$ 112,596,023	\$ 81,169,113	\$ 269,951	\$ 7,042,838	\$ (4,827,597)	\$ 215,171,332

The accompanying notes to combining financial statements are an integral part of this statement.

THE OHIO UNIVERSITY FOUNDATION

Combining Statement of Financial Position
As of June 30, 1999

	Unrestricted	Temporarily Restricted	Permanently Restricted	Agency	Enterprise	Eliminations	Total
ASSETS:							
Cash	\$ 519,214	\$ 12,164	\$ -	\$ -	\$ 595,855	\$ -	\$ 1,127,233
Accounts receivable	151,901	8,710	4,725	-	171,238	-	336,574
Pledges receivable	-	2,303,821	4,251,070	-	-	-	6,554,891
Bequest receivable	-	54,200	1,235,000	-	-	-	1,289,200
Interest and dividends receivables	92,028	219,290	1,522	1,697	-	-	314,537
Investments in securities	11,775,304	96,617,066	63,588,207	288,400	-	-	172,268,977
Investment in Inn-Ohio of Athens, Inc.	4,527,179	-	-	-	-	(4,527,179)	-
Property and equipment, net	332,088	-	248,464	-	5,799,289	-	6,379,841
Prepaid expenses	13,481	39,016	-	-	-	-	52,497
Cash surrender value - life insurance policies	174,979	422,889	1,185,038	-	-	-	1,782,906
Notes receivable	145,000	-	-	-	-	-	145,000
Charitable remainder trusts	-	-	1,176,771	-	-	-	1,176,771
Charitable gift annuity trusts	-	-	3,970,057	-	-	-	3,970,057
Other	-	-	-	-	170,531	-	170,531
Total assets	\$ 17,731,174	\$ 99,677,156	\$ 75,660,854	\$ 290,097	\$ 6,736,913	\$ (4,527,179)	\$ 195,569,015
LIABILITIES AND NET ASSETS/SHAREHOLDER'S EQUITY:							
Liabilities							
Accounts payable:							
- Ohio University	\$ 261,583	\$ 995,587	\$ 276	\$ -	\$ -	\$ -	\$ 1,257,446
- Trade and other	125,894	228,154	-	-	480,997	-	835,045
Annuities payable	-	-	2,409,093	-	-	-	2,409,093
Deposits held in custody for others	-	-	-	290,097	-	-	290,097
Long-term debt	-	-	-	-	1,728,737	-	1,728,737
Total liabilities	387,477	1,223,741	2,409,369	290,097	2,209,734	-	6,520,418

(Continued on next page)

THE OHIO UNIVERSITY FOUNDATION

**Combining Statement of Financial Position (Continued)
As of June 30, 1999**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Agency</u>	<u>Enterprise</u>	<u>Eliminations</u>	<u>Total</u>
Net assets:							
Unrestricted:							
- Board of Trustees designated quasi-endowments	\$ 14,890,675	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,890,675
- Board of Trustees designated other	1,855,472	-	-	-	-	-	1,855,472
- Undesignated	597,550	-	-	-	-	-	597,550
Temporarily restricted	-	22,287,620	-	-	-	-	22,287,620
Temporarily restricted funds designated as endowments	-	76,165,795	-	-	-	-	76,165,795
Permanently restricted	-	-	73,251,485	-	-	-	73,251,485
Shareholder's equity:							
Common stock, no par value, stated value \$10,000 per share, 750 shares authorized, 342,918 shares issued and outstanding	-	-	-	-	3,429,182	(3,429,182)	-
Contributed capital	-	-	-	-	4,140,455	(4,140,455)	-
Retained deficit	-	-	-	-	(3,042,458)	3,042,458	-
Total net assets/shareholder's equity	<u>17,343,697</u>	<u>98,453,415</u>	<u>73,251,485</u>	<u>-</u>	<u>4,527,179</u>	<u>(4,527,179)</u>	<u>189,048,597</u>
Total liabilities and net assets/ shareholder's equity	<u>\$ 17,731,174</u>	<u>\$ 99,677,156</u>	<u>\$ 75,660,854</u>	<u>\$ 290,097</u>	<u>\$ 6,736,913</u>	<u>\$ (4,527,179)</u>	<u>\$ 195,569,015</u>

The accompanying notes to combining financial statements are an integral part of this statement.

THE OHIO UNIVERSITY FOUNDATION

**Combining Statement of Activities
For the Year Ended June 30, 2000**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Enterprise</u>	<u>Eliminations</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:						
Gifts and contributions	\$ 426,984	\$ 7,696,869	\$ 4,499,051	\$ -	\$ -	\$ 12,622,904
University support	3,486,267	-	-	-	-	3,486,267
Income from investments- Interest and dividends	1,000,572	3,770,741	78,988	-	(500,418)	4,850,301
Equity in income of Inn-Ohio of Athens, Inc.	500,418	-	-	-	-	-
Change in market value of investments:						
Sold during the year	2,381,353	16,692,852	329,154	-	-	19,403,359
Held at year-end	(471,869)	(5,204,404)	(177,413)	-	-	(5,853,686)
Revenues from sales, services and events	85,368	-	-	4,262,993	-	4,348,361
Other	469,436	(34,228)	341,787	-	-	776,995
	<u>7,878,529</u>	<u>22,921,830</u>	<u>5,071,567</u>	<u>4,262,993</u>	<u>(500,418)</u>	<u>39,634,501</u>
Net assets released from restrictions-						
Satisfaction of program restrictions:						
- Alumni relations	183,409	(183,409)	-	-	-	-
- Institutional support	413,304	(413,304)	-	-	-	-
- Instruction and departmental support	4,463,199	(4,463,199)	-	-	-	-
- Academic services support	1,074,165	(1,074,165)	-	-	-	-
- Intercollegiate athletics support	662,844	(662,844)	-	-	-	-
- Student services	157,009	(157,009)	-	-	-	-
- Scholarships and fellowships	2,566,914	(2,566,914)	-	-	-	-
- Public services	114,512	(114,512)	-	-	-	-
- Research	95,089	(95,089)	-	-	-	-
- Fundraising and development	19,077	(19,077)	-	-	-	-
- Transfers	7,999	(7,999)	-	-	-	-
Total net assets released from restrictions	<u>9,757,521</u>	<u>(9,757,521)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other support	\$ 17,636,050	\$ 13,164,309	\$ 5,071,567	\$ 4,262,993	\$ (500,418)	\$ 39,634,501

(Continued on next page)

THE OHIO UNIVERSITY FOUNDATION

Combining Statement of Activities (Continued)
For the Year Ended June 30, 2000

	Unrestricted	Temporarily Restricted	Permanently Restricted	Enterprise	Eliminations	Total
EXPENSES:						
Program services-						
Alumni relations	\$ 1,508,268	\$ -	\$ -	\$ -	\$ -	\$ 1,508,268
Institutional support	779,754	-	-	-	-	779,754
Instruction and departmental support	4,511,367	-	-	-	-	4,511,367
Academic services support	1,202,065	-	-	-	-	1,202,065
Intercollegiate athletics support	680,632	-	-	-	-	680,632
Student services	167,995	-	-	-	-	167,995
Scholarships and fellowships	2,566,914	-	-	-	-	2,566,914
Public services	138,260	-	-	-	-	138,260
Research	314,671	-	-	-	-	314,671
Supporting services-						
Fundraising and development	4,148,319	-	-	-	-	4,148,319
Fund administration	358,564	-	-	-	-	358,564
Inn-Ohio of Athens, Inc. operations	-	-	-	3,762,575	-	3,762,575
Carrying costs of real estate	17,564	-	4,688	-	-	22,252
Total expenses	<u>16,394,373</u>	<u>-</u>	<u>4,688</u>	<u>3,762,575</u>	<u>-</u>	<u>20,161,636</u>
CHANGES NET ASSETS/NET INCOME	1,241,677	13,164,309	5,066,879	500,418	(500,418)	19,472,865
NET ASSETS/RETAINED DEFICIT, BEGINNING OF YEAR	17,343,697	98,453,415	73,251,485	(3,042,458)	3,042,458	189,048,597
Dividends paid	-	-	-	(200,000)	200,000	-
NET ASSETS/RETAINED DEFICIT, END OF YEAR	<u>\$ 18,585,374</u>	<u>\$ 111,617,724</u>	<u>\$ 78,318,364</u>	<u>\$ (2,742,040)</u>	<u>\$ 2,742,040</u>	<u>\$ 208,521,462</u>

The accompanying notes to combining financial statements are an integral part of this statement.

THE OHIO UNIVERSITY FOUNDATION

Combining Statement of Activities For the Year Ended June 30, 1999

	Unrestricted	Temporarily Restricted	Permanently Restricted	Enterprise	Eliminations	Total
REVENUES AND OTHER SUPPORT:						
Gifts and contributions	\$ 275,258	\$ 5,521,323	\$ 10,885,150	\$ -	\$ -	\$ 16,681,731
University support	2,583,676	-	-	-	-	2,583,676
Income from investments-						
Interest and dividends	1,198,687	3,222,118	244,641	-	-	4,665,446
Equity in income of Inn-Ohio of Athens, Inc.	420,409	-	-	-	(420,409)	-
Change in market value of investments:						
Sold during the year	780,996	6,059,861	117,797	-	-	6,958,654
Held at year-end	244,692	4,239,019	(340,368)	-	-	4,143,343
Revenues from sales, services and events	15,879	-	-	4,061,768	-	4,077,647
Other	349,778	47,750	87,183	-	-	484,711
Net assets released from restrictions-						
Satisfaction of program restrictions:						
- Alumni relations	20,469	(20,469)	-	-	-	-
- Institutional support	729,229	(729,229)	-	-	-	-
- Instruction and departmental support	4,015,705	(4,015,705)	-	-	-	-
- Academic services support	929,645	(929,645)	-	-	-	-
- Intercollegiate athletics support	213,992	(213,992)	-	-	-	-
- Student services	115,584	(115,584)	-	-	-	-
- Scholarships and fellowships	2,176,816	(2,176,816)	-	-	-	-
- Public services	103,871	(103,871)	-	-	-	-
- Research	79,784	(79,784)	-	-	-	-
- Fundraising and development	2,453	(2,453)	-	-	-	-
Total net assets released from restrictions	8,387,548	(8,387,548)	-	-	-	-
Total revenues and other support	14,256,923	10,702,523	10,994,403	4,061,768	(420,409)	39,595,208

(Continued on next page)

THE OHIO UNIVERSITY FOUNDATION

Combining Statement of Activities (Continued) For the Year Ended June 30, 1999

	Unrestricted	Temporarily Restricted	Permanently Restricted	Enterprise	Eliminations	Total
EXPENSES:						
Program services-						
Alumni relations	\$ 874,633	\$ -	\$ -	\$ -	\$ -	\$ 874,633
Institutional support	1,013,117	-	-	-	-	1,013,117
Instruction and departmental support	4,063,960	-	-	-	-	4,063,960
Academic services support	1,134,248	-	-	-	-	1,134,248
Intercollegiate athletics support	217,212	-	-	-	-	217,212
Student services	115,584	-	-	-	-	115,584
Scholarships and fellowships	2,176,816	-	-	-	-	2,176,816
Public services	162,060	-	-	-	-	162,060
Research	227,625	-	-	-	-	227,625
Supporting services-						
Fundraising and development	3,390,032	-	-	-	-	3,390,032
Fund administration	328,196	-	-	-	-	328,196
Inn-Ohio of Athens, Inc. operations	-	-	-	3,641,359	-	3,641,359
Carrying costs of real estate	17,147	-	-	-	-	17,147
Total expenses	<u>13,720,630</u>	<u>-</u>	<u>-</u>	<u>3,641,359</u>	<u>-</u>	<u>17,361,989</u>
CHANGES NET ASSETS/NET INCOME	536,293	10,702,523	10,994,403	420,409	(420,409)	22,233,219
NET ASSETS/RETAINED DEFICIT, BEGINNING OF YEAR	<u>16,807,404</u>	<u>87,750,892</u>	<u>62,257,082</u>	<u>(3,462,867)</u>	<u>3,462,867</u>	<u>166,815,378</u>
NET ASSETS/RETAINED DEFICIT, END OF YEAR	<u>\$ 17,343,697</u>	<u>\$ 98,453,415</u>	<u>\$ 73,251,485</u>	<u>\$ (3,042,458)</u>	<u>\$ 3,042,458</u>	<u>\$ 189,048,597</u>

The accompanying notes to combining financial statements are an integral part of this statement.

THE OHIO UNIVERSITY FOUNDATION

Combining Statement of Cash Flows For the Years Ended June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets/net income (loss)	\$ 19,472,865	\$ 22,233,219
Adjustments to reconcile change in net assets/net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	438,703	427,040
Accretion on investments	3,876	9,278
Realized investment gains, net	(19,530,620)	(5,919,740)
Unrealized investment (gains) losses, net	6,112,234	(5,177,371)
Increase in cash surrender value of life insurance policies	(188,064)	(76,887)
Forgiveness of notes receivable	-	6,001
Changes in current assets and liabilities:		
Increase in accounts receivable	(106,253)	(341)
Increase in pledges receivable	(2,170,318)	(3,871,234)
Decrease (increase) in bequests receivable	387,374	(1,289,200)
(Increase) decrease in interest and dividends receivables	(95,234)	367,164
Increase in prepaid expenses	(26,537)	(41,919)
Increase in charitable remainder trusts	(51,614)	(162,227)
Decrease in other assets	197	3,239
(Decrease) increase in accounts payable	(181,634)	629,678
(Decrease) increase in deposits held in custody for others	(20,146)	158,424
Total adjustments	<u>(15,428,036)</u>	<u>(14,938,095)</u>
Net cash provided by operating activities	<u>4,044,829</u>	<u>7,295,124</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(375,768)	(91,847)
Purchases of investment securities	(143,473,642)	(154,460,496)
Proceeds from sales of investment securities	<u>140,455,907</u>	<u>147,556,158</u>
Net cash used in investing activities	<u>(3,393,503)</u>	<u>(6,996,185)</u>

(Continued on next page)

THE OHIO UNIVERSITY FOUNDATION

Combining Statement of Cash Flows (Continued) For the Years Ended June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of long-term and short-term debt	(93,681)	(104,226)
Net increase in annuity obligations	424,913	432,381
Increase in investments subject to annuity agreements	<u>(545,149)</u>	<u>(909,598)</u>
Net cash used in financing activities	<u>(213,917)</u>	<u>(581,443)</u>
NET INCREASE (DECREASE) IN CASH	437,409	(282,504)
CASH, BEGINNING OF YEAR	<u>1,127,233</u>	<u>1,409,737</u>
CASH, END OF YEAR	<u>1,564,642</u>	<u>1,127,233</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 101,317</u>	<u>\$ 81,040</u>

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

THE OHIO UNIVERSITY FOUNDATION

Notes to Combining Financial Statements
June 30, 2000 and 1999

(1) **Organization and Operation**

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

(2) **Summary of Significant Accounting Policies**

Basis of Accounting

The combining financial statements of the Foundation have been prepared on the accrual basis of accounting. The accompanying combining financial statements present the financial position and results of operations of the Foundation and its wholly-owned subsidiary, Inn-Ohio of Athens, Inc. (the Inn or Company). All intercompany transactions have been eliminated.

Use of Estimates

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

Concentrations of Credit Risk

Financial instruments, which potentially subject the Foundation to a concentration of credit risk, consist principally of contributions receivable, investments for the Foundation and receivables related to operation of the Inn. Exposure to losses on contributions receivable is principally dependent on each donor's financial condition. The Foundation monitors the exposure for credit losses and maintains allowances for anticipated losses.

Investments are recorded at market value. Changes in market conditions could dramatically affect the Foundation's net assets. Regarding the Inn, the management company is responsible for collection of receivables (Note 8). However, the management company has recourse with respect to these receivables, and accordingly, the Inn provides a reserve for any estimated uncollectible balances.

THE OHIO UNIVERSITY FOUNDATION

Notes to Combining Financial Statements June 30, 2000 and 1999

Gifts and Contributions

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

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

Contributions of charitable gift annuity trusts are reduced by the actuarially determined liability resulting from acceptance of the gift. Contributions held in charitable remainder trusts are recorded upon notification of each donor's death at the present value of their estimated future benefits to be received when the trust assets are distributed (see Note 7).

Pledges Receivable

Unconditional promises to give, that are expected to be collected within one year, are recorded at net realizable value. Unconditional promises to give, that are expected to be collected in future years, are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Discount rates ranged from 6.09% to 6.48% for fiscal year 2000 and 5.53% to 5.93% for fiscal year 1999. Amortization of the discounts is included in contribution revenues. Unconditional promises to give, which are silent as to the due date, are presumed to be time restricted by the donor until received and are reported as temporarily restricted net assets. Conditional promises to give are not included as support until the conditions are substantially met.

Included in the "Pledges Receivable" are the following unconditional promises to give at June 30, 2000 and 1999:

	<u>2000</u>	<u>1999</u>
Unconditional promises to give before unamortized discount and allowance for uncollectibles	\$12,085,589	\$ 8,639,706
Less: Unamortized discount	<u>(1,121,281)</u>	<u>(542,960)</u>
Subtotal	10,964,308	8,096,746
Less: Allowance for uncollectibles	<u>(2,239,099)</u>	<u>(1,541,855)</u>
Net unconditional promises to give	<u>\$ 8,725,209</u>	<u>\$ 6,554,891</u>

THE OHIO UNIVERSITY FOUNDATION

Notes to Combining Financial Statements June 30, 2000 and 1999

	2000		1999	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Amounts due in:				
Less than one year	\$1,341,686	\$1,529,385	\$ 741,505	\$1,889,751
One to five years	2,730,772	2,242,572	1,397,878	2,316,286
More than five years	403,494	477,300	164,438	45,033
Total	<u>\$4,475,952</u>	<u>\$4,249,257</u>	<u>\$2,303,821</u>	<u>\$4,251,070</u>

Intended Gifts

The Foundation receives communications from donors indicating that the Foundation has been included in the donor's will or life insurance policy as a beneficiary, representing intentions to give rather than promises to give. Such communications are not unconditional promises to give because the donors retain the ability to modify their wills and insurance policies during their lifetimes. The total realizable value of these intended gifts has not been established, nor have the intended gifts been recognized as an asset or contribution revenue. Such gifts are recorded when the Foundation is notified of the donor's death, the will is declared valid by a probate court and the proceeds are measurable. At June 30, 2000 and 1999, the Foundation has bequests receivable of \$901,826 and \$1,289,200, respectively, based upon their policy.

Cash Surrender Value of Insurance Policies

The Foundation records as an asset the cash surrender value of insurance policies for which it is the owner and beneficiary, which totals \$1,970,970 and \$1,782,906 as of June 30, 2000 and 1999, respectively.

Investments

Investments in securities are recorded at market value with changes in market value during the year reflected in the combining statement of activities. Investments also include common stock of the Inn (see Note 8). The investment in the Inn is recorded using the equity method of accounting which reflects cumulative income and losses of the Inn. The investment in the Inn is eliminated during the consolidation.

Income from Investments

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

THE OHIO UNIVERSITY FOUNDATION

Notes to Combining Financial Statements
June 30, 2000 and 1999

Property and Equipment

Property and equipment is recorded at the estimated fair market value (if received as a gift) or at the purchase cost (if purchased by the Foundation or Inn), plus any expenditures for improvements. As needed, the carrying value of property is adjusted to estimated net realizable value based on the Board of Trustees' intended use of the property.

Depreciation of buildings is recorded over periods ranging from ten to thirty-one and one-half years using the straight-line method. Depreciation and amortization of other property and equipment and improvements is recorded over periods ranging from five to fifteen years using the straight-line method.

As of June 30, 2000 and 1999, property and equipment (primarily related to the Inn) is as follows:

	<u>2000</u>	<u>1999</u>
Land		
Land improvements	\$ 773,263	\$ 773,263
Buildings	188,010	128,843
Furnishings, fixtures and equipment	6,599,194	6,482,966
Less - accumulated depreciation and amortization	2,313,492	2,113,119
	<u>(3,557,053)</u>	<u>(3,118,350)</u>
Property and equipment, net	<u>\$ 6,316,906</u>	<u>\$ 6,379,841</u>

Total depreciation and amortization expense of \$438,703 and \$427,040 was recorded in fiscal years 2000 and 1999, respectively.

SFAS No. 121, "Accounting for Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of" requires that long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Foundation and Inn have determined that no impairment to the carrying value of its long-lived assets exists at June 30, 2000.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Internal Revenue Service has determined that the Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income or excise tax has been made in the accompanying combining financial statements.

THE OHIO UNIVERSITY FOUNDATION

Notes to Combining Financial Statements June 30, 2000 and 1999

Fair Value of Financial Instruments

The carrying values of the Foundation's financial instruments in the accompanying combining statements of financial position approximate their respective estimated fair values at June 30, 2000 and 1999, except for notes receivable. The fair value of the notes receivable is not reasonably determinable given the terms of the notes (see Note 5).

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

Advertising Costs

Advertising costs of the Inn are included in marketing expenses and are expensed as incurred. These costs were immaterial for the years ended June 30, 2000 and July 2, 1999.

(3) Net Assets

Unrestricted Net Assets

The unrestricted net assets consists of operating funds available for any purpose authorized by the Board of Trustees.

The unrestricted net assets, as of June 30, 2000, consists of an unallocated amount of \$550,886 and an allocated amount of \$2,162,396 with \$1,804,491 held in escrow pending disposition by the Board of Trustees, and \$357,905 of unexpended funds previously authorized by the Board of Trustees for expenditure. In addition, unrestricted net assets includes Board of Trustees designated quasi-endowments of \$15,872,092.

The unrestricted net assets, as of June 30, 1999, consists of an unallocated amount of \$597,550 and an allocated amount of \$1,855,472 with \$1,496,232 held in escrow pending disposition by the Board of Trustees, and \$359,240 of unexpended funds previously authorized by the Board of Trustees for expenditure. In addition, unrestricted net assets includes Board of Trustees designated quasi-endowments of \$14,890,675.

Restricted Net Assets

Temporarily restricted net assets consist of funds which are restricted for a specific use or time determined by the donor.

THE OHIO UNIVERSITY FOUNDATION

Notes to Combining Financial Statements June 30, 2000 and 1999

Temporarily restricted net assets, as of June 30, 2000 and 1999, are available for the following purposes:

	<u>2000</u>	<u>1999</u>
Alumni relations	\$ 458,146	\$ 524,743
Institutional support	3,408,067	2,725,208
Instruction and departmental support	47,166,421	41,465,015
Academic services support	12,011,524	11,240,647
Intercollegiate athletics support	916,872	1,373,680
Student services	1,923,864	1,577,325
Scholarships and fellowships	42,854,127	38,003,189
Public services	291,150	276,935
Research	1,189,335	1,127,304
Fundraising and development	1,398,218	139,369
	<u>\$111,617,724</u>	<u>\$98,453,415</u>

Included in temporarily restricted net assets are temporarily restricted funds designated as endowments. This is primarily due to the Foundation having a spending policy, which was approved by the Board of Trustees, to protect the Foundation's endowments from the effect of inflation. Based upon the spending policy, management has reinvested a portion of the earnings of the Foundation's donor designated endowments into the related endowment accounts. As this reinvestment of earnings into the endowment accounts was not explicitly designated by the donors, the reinvested earnings are not classified as permanently restricted.

Permanently Restricted Net Assets

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

THE OHIO UNIVERSITY FOUNDATION

Notes to Combining Financial Statements June 30, 2000 and 1999

Permanently restricted net assets are restricted to:

	<u>2000</u>	<u>1999</u>
Alumni relations	\$ 622,206	\$ 502,823
Institutional support	1,466,908	2,376,129
Instruction and departmental support	34,640,196	33,822,456
Academic services support	3,065,027	2,993,444
Intercollegiate athletics support	57,798	58,437
Student services	1,394,355	1,311,980
Scholarships and fellowships	35,512,280	31,311,112
Public services	599,632	244,030
Research	422,478	97,504
Fundraising and development	173,643	219,090
Other	363,841	314,480
	<u>\$78,318,364</u>	<u>\$73,251,485</u>

Agency Net Assets

Agency net assets consist of resources received and held by the Foundation as custodian or trustee. Agency transactions are not reported on the combining statement of activities, as the Foundation only acts as custodian for the outside agency depositing the funds.

Enterprise Fund

The enterprise fund consists of the activities of the Foundation's wholly-owned subsidiary, Inn-Ohio of Athens, Inc. The Inn owns and operates a 144 room hotel and restaurant facility in Athens, Ohio known as The Ohio University Inn (see Note 8).

(4) Investment in Securities

The cost and market value of the investment in securities at June 30, 2000 and 1999, are as follows:

	<u>2000</u>		<u>1999</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Common and preferred stocks	\$123,577,750	\$139,582,352	\$105,025,422	\$121,615,850
Commercial paper and other short-term cash investments	7,849,302	7,884,882	6,893,539	6,893,539
Bonds and debentures	40,734,879	41,229,936	36,287,315	43,755,536
Other	4,052	4,052	4,052	4,052
	<u>\$172,165,983</u>	<u>\$188,701,222</u>	<u>\$148,210,328</u>	<u>\$172,268,977</u>

THE OHIO UNIVERSITY FOUNDATION

Notes to Combining Financial Statements June 30, 2000 and 1999

(5) Notes Receivable

The Foundation has made available to the Inn an interest bearing working capital loan of up to \$450,000 at June 30, 2000 and 1999. The Inn had no borrowings from the Foundation as of June 30, 2000 and 1999. The unused borrowings available on this working capital loan were \$450,000 at June 30, 2000 and 1999.

Prior to 1998 the Foundation made available two interest bearing working capital loans totaling \$145,000 to an Ohio entity, which was formed to support, enhance and supplement the scientific and technological research, educational activities and economic development of the University. Two-thirds of the members of the Ohio entity's Board of Trustees must be current or former members of the Foundation's Board of Trustees. Currently, the President of the entity is a member of the Foundation's Board of Trustees. Interest accrues at an annual rate of the prime rate plus two percent. The \$75,000 loan made in fiscal year 1996 is personally guaranteed by two members of the Foundation's Board of Trustees. Total outstanding notes receivable related to the Ohio entity are \$145,000 at June 30, 2000 and 1999, and are recorded in unrestricted net assets.

(6) Support from the Ohio University

During 2000 and 1999 the Foundation paid all operating costs of the University Development Office, the Office of Alumni Relations and the Foundation Accounting Office, except certain payroll costs amounting to \$2,586,190 and \$2,338,981, respectively, and additional costs of \$900,077 and \$244,695, respectively, which were paid by the University. The support costs paid by the University are reflected in the combining statement of activities, as University support, with a like amount included in expenses.

The University provides office space and the use of certain common facilities and services to the Foundation at no cost. These costs have not been recorded as University support because they cannot readily be quantified nor are they considered to be material to the results of operations of the Foundation.

(7) Split-Interest Agreements

Charitable Gift Annuity Trusts

Under charitable gift annuity trust agreements, the Foundation has recorded the donated assets at fair value and the liabilities to the donor or his/her beneficiaries at the present value of the estimated future payments to be distributed by the Foundation to such individuals. The amount of the contribution is the difference between the asset and liability and is recorded as contribution revenue.

THE OHIO UNIVERSITY FOUNDATION

Notes to Combining Financial Statements
June 30, 2000 and 1999

Charitable Remainder Trusts

Under charitable remainder trust agreements, the Foundation serves as the remainderman, whereby the Foundation will receive the net assets of the trust upon death of the donor's beneficiary. All assets of charitable remainder trusts are maintained by a third party trustee, in an irrevocable trust, for the benefit of the Foundation. The trustee disburses income earned on the assets of the charitable remainder trusts to the donor or donor designated beneficiaries.

In instances whereby the donor has not specifically reserved the right to change the remainderman, the Foundation will recognize, as contribution revenue and as a receivable, the present value of the estimated future benefits to be received when the trust assets are distributed.

Certain charitable remainder trusts transactions are not reported on the combining statement of financial position or the combining statement of activities, as in these cases the remainderman (the Foundation) can be changed by the donor prior to his/her death. For this reason the Foundation does not report these trust transactions on the combining statement of financial position or the combining statement of activities.

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

Revocable Trusts

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

(8) Inn-Ohio of Athens, Inc.

The Ohio University Inn was purchased by the Foundation on August 30, 1986. The primary purpose, for which the Foundation invested in the Inn, was to provide affordable and convenient housing, dining and conference facilities for the University employees, alumni and guests. A significant amount of the Inn's revenues are derived from these customers. For this reason the Foundation is committed to financially supporting the Inn.

THE OHIO UNIVERSITY FOUNDATION

Notes to Combining Financial Statements June 30, 2000 and 1999

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

The financial activity of the Inn is shown on the Foundation's records as an enterprise fund.

Operations

The Inn's operations are summarized below for the years ended June 30, 2000 and July 2, 1999:

	<u>2000</u>	<u>1999</u>
Revenues	<u>\$4,262,993</u>	<u>\$4,061,768</u>
Operating and general expenses	3,281,476	3,118,798
Depreciation and amortization	430,801	425,121
Interest expense, net	<u>50,298</u>	<u>97,440</u>
Total expenses	<u>3,762,575</u>	<u>3,641,359</u>
Net income (loss)	<u>\$500,418</u>	<u>\$420,409</u>

Effective November 30, 1996, a management agreement (the Management Agreement) was entered into with Winegardner & Hammonds, Inc. (the Manager). The Management Agreement expires June 29, 2001. The Manager's compensation is a base fee plus 15% of the hotel's net available operating profit, as defined in the Management Agreement.

Base management fees incurred by the Inn with respect to the Manager were \$100,000 in fiscal years 2000 and 1999, and incentive fees were \$114,820 and \$104,121 in fiscal years 2000 and 1999, respectively.

As of June 30, 2000 and July 2, 1999, the Inn has NOL carryforwards of \$1,766,214 and \$2,217,310, respectively, for Federal income tax purposes. The NOL carryforwards expire in years 2002 through 2012. The Inn has reflected deferred income taxes at a 40% tax rate which represents a blended statutory Federal and state income tax rate. As of June 30, 2000 and July 2, 1999, the Inn has recorded a valuation allowance of \$920,925 and \$1,212,349, respectively, due to the uncertainty of the future realizability of its remaining NOL carryforwards in accordance with the provisions of SFAS No. 109.

THE OHIO UNIVERSITY FOUNDATION

Notes to Combining Financial Statements June 30, 2000 and 1999

Debt Obligations

Long-term debt consists of the following, as of June 30, 2000 and July 2, 1999:

	<u>2000</u>	<u>1999</u>
1996 Serial Project Bonds		
- 5.10%, due November 1, 1999	\$ -	\$ 95,000
- 5.30%, due November 1, 2000	100,000	100,000
- 5.45%, due November 1, 2001	105,000	105,000
- 5.60%, due November 1, 2002	110,000	110,000
- 5.75%, due November 1, 2003	115,000	115,000
- 5.85%, due November 1, 2004	120,000	120,000
- 5.95%, due November 1, 2005	130,000	130,000
- 6.05%, due November 1, 2006	140,000	140,000
1996 Term Project Bonds		
- 6.25%, at 97.617%, due November 1, 2011	830,000	830,000
	<u>1,650,000</u>	<u>1,745,000</u>
Less: Current portion of long-term debt	(100,000)	(95,000)
Less: Unamortized discount on series 1996 bonds	(14,944)	(16,263)
	<u>(114,944)</u>	<u>(111,263)</u>
Total long-term debt	<u>\$ 1,535,056</u>	<u>\$ 1,633,737</u>

The 1996 Serial and Term Project Bonds (the Bonds) are secured by a mortgage on the property and a security agreement granted by the Inn. These Bonds are also guaranteed by the Foundation from the money and investments comprising its unrestricted endowments.

The 1996 Team Project Bonds require the Inn to make monthly payments to a trustee. These payments accumulate in the bond fund to pay principal and interest on the Bonds. Principal payments are due annually on November 1; interest payments are due semi-annually each May 1 and November 1 and are payable from the bond fund. The 1996 Serial Project Bonds are subject to redemption prior to maturity, including mandatory sinking fund redemption. After November 1, 2006, the Inn has the option to pre-pay the 1996 Bonds. The balance in the bond fund at June 30, 2000 and July 2, 1999 was \$85,014 and \$81,206, respectively.

THE OHIO UNIVERSITY FOUNDATION

Notes to Combining Financial Statements June 30, 2000 and 1999

The 1996 Bonds maturing on November 1, 2011 are subject to a mandatory sinking fund requirement to be deposited as set forth in the following schedule:

<u>November 1,</u>	<u>Amount</u>
2007	\$145,000
2008	155,000
2009	165,000
2010	175,000
2011	190,000
	<u>\$830,000</u>

The fair value of the debt obligations at June 30, 2000 approximated their carrying value.

(9) Allocation of Joint Costs

In March 1998 the American Institute of Certified Public Accountants ("AICPA") issued Statement of Position ("SOP") 98-2, "Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Governmental Entities That Included Fund Raising." This SOP details specific guidelines for the accounting and reporting for an entity's joint cost activities. This SOP amends existing guidance in AICPA literature and superceded SOP 87-2, "Accounting for Joint Costs of Informational Materials and Activities of Not-for-Profit Organizations That Include a Fund-Raising Appeal." The Foundation adopted this SOP effective July 1, 1999. The adoption did not have a material impact on the Foundation.

(10) Subsequent Events

In July 2000, the Foundation committed to provide up to \$2,500,000 of capital to a venture capital fund focusing on investing in companies located in Southeast Ohio.

In September 2000, the Foundation offered \$31,985,000 of adjustable rate university housing revenue bonds (the 2000 Bonds). The proceeds of the 2000 Bonds will be used to finance the construction, installation and equipping of a rental housing project which will house approximately 580 students, staff and faculty of the Ohio University. The 2000 Bonds mature June 1, 2032 and bear interest at an adjustable rate as determined by the remarketing agent based on their knowledge of prevailing market conditions, except that in no event will the interest rate on the 2000 Bonds exceed 12%. The 2000 Bonds will bear interest at an initial rate of 5.75%.



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OHIO UNIVERSITY FOUNDATION

ATHENS 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
MAY 1, 2001**