

***The Ohio State University***  
***Research Foundation***  
***(A Component Unit of***  
***The Ohio State University)***

*Office of Management and Budget*  
*Circular A-133 Reports for the*  
*Year Ended June 30, 2004*





**Auditor of State  
Betty Montgomery**

Board of Directors  
Ohio State University Research Foundation  
2080 Blankenship Hall  
901 Woody Hayes Drive  
Columbus, Ohio 43210-4016

We have reviewed the Independent Auditor's Report of the Ohio State University Research Foundation, Franklin County, prepared by Deloitte & Touche LLP, for the audit period July 1, 2003 to June 30, 2004. 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 Research Foundation is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

February 3, 2005

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**THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION**  
**(A Component Unit of The Ohio State University)**

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**THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION**  
**(A Component Unit of The Ohio State University)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2004**

Federal Agency	CFDA Number	Sponsor I.D. Number	2004 Expenditures
Research and Development Cluster:			
Pass-through from The Ohio State University:			
Environmental Protection Agency		30020000	\$ (1,960)
Ames Research Center		30030103	114,578
John Glenn Research Center-Lewis Field		30030104	3,829,228
Nasa Headquarters		30030105	133,213
Marshall Space Flight Center		30030201	288,629
Johnson Space Center		30030202	108,622
Kennedy (John F) Space Center		30030203	199,068
Goddard Space Flight Center		30030301	2,546,752
National Science Foundation		30050000	45,321
NSF Division Atmospheric Sciences		30050401	8,056
NSF Office of International Science & Eng		30050803	7,852
Smithsonian Astrophysical Observatory		30060200	148,104
Appalachian Regional Commission		30070100	97,358
Veterans Affairs		30170000	52,268
Agency for International Development		30300100	184,216
Central Intelligence Agency		30350100	61,550
Institute of Museum & Library Services		30510000	95,108
Forest Service		40020000	136,602
Cooperative State Res Educ & Extension Service		40040100	51,316
Agricultural Research Service		40040200	274,609
Natural Resources Conservation Service		40060000	91,703
Animal & Plant Health Inspection Service		40070000	23,006
Economic Research Service		40120000	136,534
Food Safety & Inspection Service		40130000	8,523
Rural Development		40190000	85,502
National Oceanic & Atmospheric Administration		42020000	851
National Marine Fisheries Service		42020300	103,827
Office of National Geodetic Survey		42020400	51,551
National Institute of Standards & Technology		42040000	(61)
Department of Defense		50000000	116,257
Air Force		50010000	65,381
Air Force Materiel Command		50010100	724,067
Air Force Office of Scientific Research		50010105	117,109
Wright Laboratory		50010800	58,059
Army Corps of Engrs		50020100	46,423
Army Cold Regions Res & Engrg Lab		50020103	53,941
Humphreys Engineer Ctr Support Activity		50020106	268,913
Army Tank Command		50020204	473,351
Army Research Office		50020400	920,095
Army Robert Morris Acquisition Center		50022400	57,822
Army Space and Missile Defense Command		50022500	14,514
Office of Naval Research		50040300	16,136
Naval Research Lab		50040301	90,868
Naval Medical Research Institute		50041002	28,121
Advanced Research Projects Agency		50060000	796,180
National Geospatial-Intelligence Agency		50080000	37,602
Defense Logistics Agency		50130000	141,352
National Security Agency		50140000	54,312
Uniformed Services Univ Health Sciences		50190000	27,807
National Reconnaissance Office		50200000	735,454
Strategic Environmental R&D Program		50210000	93,823
Institute of Education Sciences		53020000	5,429,333
Dept of Energy		55000000	7,448,272
Los Alamos National Lab		55050000	199,254
Oak Ridge National Laboratory		55110000	156,719
National Energy Technology Laboratory		55130000	147,036
Centers For Medicare & Medicaid Services		60020000	167,441

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**THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION**  
**(A Component Unit of The Ohio State University)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2004**

Federal Agency	CFDA Number	Sponsor I.D. Number	2004 Expenditures
Research and Development Cluster:			
Pass-through from The Ohio State University:			
National Cancer Institute		60040402	\$ 1,494,850
National Heart Lung Blood		60040403	911,282
National In Allergy Infectious Diseases		60040404	(420)
National In Neurological Disorders & Stroke		60040408	621,760
National In Dental & Craniofacial Research		60040412	546
National In Arthritis & Musculoskeletal & Skin Ds		60040419	1,564,451
National In Mental Health		60040421	95,755
Centers for Disease Control & Prevention		60040600	76,925
Department of Housing & Urban Development		70000000	8,438
U.S. Fish & Wildlife Service		72030000	1,142
U.S. Geological Survey		72040000	51,520
Office Surface Mining Reclam & Enforcement		72090000	4,926
Bureau of Labor Statistics		76050000	11,970,655
Bureau of Educational & Cultural Affairs		80020100	3,591
Department of Transportation		82000000	531,630
Federal Aviation Administration		82030000	919,180
Nat Highway Traffic Safety Administration		82040000	452,914
Economic Research Service	1.001	40120000	14,579
Agricultural Research Service	10.001	40040200	1,078,997
Animal & Plant Health Inspection Service	10.028	40070000	32,322
Cooperative State Res Educ & Extension Service	10.200	40040100	1,736,451
National Research Init Competitive Grants Program	10.206	40040103	2,620,515
Cooperative State Res Educ & Extension Service	10.207	40040100	26,558
Cooperative State Res Educ & Extension Service	10.217	40040100	86,374
Cooperative State Res Educ & Extension Service	10.219	40040100	20,600
Economic Research Service	10.250	40120000	13,458
Initiative Future Agriculture & Food Systems	10.302	40040104	1,718,423
Cooperative State Res Educ & Extension Service	10.303	40040100	674,887
Risk Management Agency (USDA)	10.450	40180000	24,615
Cooperative State Res Educ & Extension Service	10.500	40040100	306,202
Forest Service	10.652	40020000	29,538
National Urban & Community Forestry Council	10.670	40020200	44,130
Rural Development	10.771	40190000	169,316
National Sheep Industry Improvement Center	10.774	40190100	10,553
Natural Resources Conservation Service	10.913	40060000	538
Office of Inat Cooperation & Development	10.960	40100000	26,547
Office of Inat Cooperation & Development	10.961	40100000	2,686
National Oceanic & Atmospheric Administration	11.417	42020000	1,264,084
National Oceanic & Atmospheric Administration	11.460	42020000	85,852
National Institute of Standards & Technology	11.609	42040000	151,315
Naval Research Lab	12.300	50040301	2,475,155
Advanced Research Projects Agency	12.420	50060000	3,855,195
Army Robert Morris Acquisition Center	12.431	50022400	171,415
National Geospatial-Intelligence Agency	12.630	50080000	1,211,994
Air Force Office of Scientific Research	12.800	50010105	4,282,403
National Security Agency	12.901	50140000	66,719
Air Force Office of Scientific Research	12.910	50010105	435,301
U.S. Fish & Wildlife Service	15.608	72030000	12,814
U.S. Fish & Wildlife Service	15.635	72030000	1,143
U.S. Geological Survey	15.805	72040000	102,461
U.S. Geological Survey	15.808	72040000	296,014
OCC Safety & Health Ad	17.502	76020000	81,990
Bureau of Educational & Cultural Affairs	19.405	80020100	55,078
Federal Aviation Administration	20.108	82030000	269,736
Nasa Headquarters	43.002	30030105	10,605
National Endowment Arts	45.042	30040200	40,750

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**THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION**  
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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2004**

Federal Agency	CFDA Number	Sponsor I.D. Number	2004 Expenditures
Research and Development Cluster:			
Pass-through from The Ohio State University:			
National Endowment for The Humanities	45.149	30040100	\$ 208,549
National Endowment for The Humanities	45.162	30040100	16,423
National Endowment for The Humanities	45.163	30040100	76,370
NSF Division Bioengineering & Environmental	47.041	30050307	3,058,451
NSF Division Undergraduate Education	47.046	30050605	35,404
NSF Division Astronomical Sciences	47.049	30050505	12,877,896
NSF Office Polar Programs	47.050	30050404	1,831,984
NSF Division Physics	47.070	30050502	2,843,143
NSF Division Ocean Sciences	47.074	30050402	5,624,046
NSF Behavioral and Cognitive Sciences	47.075	30050804	2,399,801
NSF Elementary, Secondary & Informal Education	47.076	30050607	1,867,410
NSF Office Polar Programs	47.078	30050404	2,533,748
Environmental Protection Agency	66.460	30020000	66,956
Environmental Protection Agency	66.500	30020000	296,042
Environmental Protection Agency	66.808	30020000	12,631
Environmental Protection Agency	66.951	30020000	13,973
Dept of Energy	81.049	55000000	520,030
National Energy Technology Laboratory	81.064	55130000	4,459
Dept of Energy	81.086	55000000	1,400,678
National Energy Technology Laboratory	81.089	55130000	292,732
Department of Energy	81.114	55000000	115,090
Center for International Education	84.015	53040200	878,733
Office of Postsecondary Education	84.021	53040000	8,127
Office of Postsecondary Education	84.042	53040000	245,604
Office of Postsecondary Education	84.047	53040000	66,361
Office Vocational & Adult Education Progrms	84.051	53060000	126,881
Fund Improvement Postsecondary Education	84.116	53020300	82,270
Rehabilitation Services Administration	84.129	53050200	103,172
National In Disability & Rehabiltn Research	84.133	53050300	391,009
Department of Education	84.200	53000000	74,461
Office of Postsecondary Education	84.220	53040000	293,263
National In Disability & Rehabiltn Research	84.224	53050300	559,031
Office of Postsecondary Education	84.229	53040000	320,475
Institute of Education Sciences	84.305	53020000	201,350
Office of Special Education Programs	84.324	53050100	177,295
Department of Education	84.325	53000000	280,983
Department of Education	84.327	53000000	160,120
Department of Education	84.333	53000000	269,863
Office of Postsecondary Education	84.342	53040000	142,074
Office of Elementary & Secondary Education	84.350	53030000	504,303
Food & Drug Administration	93.103	60040200	29,136
Maternal & Child Health Bureau	93.110	60040505	335,495
National In Environment Health Science	93.113	60040414	716,201
National In Environment Health Science	93.114	60040414	94,438
National In Dental & Craniofacial Research	93.121	60040412	4,382,030
Public Health Service	93.137	60040000	32,448
National In Health	93.172	60040400	4,161
National In Deafness & Other Commnctn Disorders	93.173	60040420	1,194,859
Bureau Health Professions	93.181	60040501	130,112
Health Resources & Services Admin	93.191	60040500	79,449
National Center Complementary & Alternative Medicine	93.213	60040427	51,856
Substance Abuse & Mental Hlth Services Administration	93.230	60040424	63,950
National In Mental Health	93.242	60040421	3,415,226
National In OC Safety& Health	93.262	60040601	1,091,709
Nattional In Alcohol Abuse & Alcoholism	93.273	60040423	152,316
National In Drug Abuse	93.277	60040422	114,486
National In Drug Abuse	93.279	60040422	995,514

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**THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION**  
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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2004**

Federal Agency	CFDA Number	Sponsor I.D. Number	2004 Expenditures
Research and Development Cluster:			
Pass-through from The Ohio State University:			
National In Mental Health	93.281	60040421	\$ 334,865
National In Mental Health	93.282	60040421	335,920
Centers for Disease Control & Prevention	93.283	60040600	349,280
National In Biomedical Imaging & Bioengineer	93.286	60040428	1,897,775
National Center for Research Resources	93.306	60040410	963,673
National Center for Research Resources	93.333	60040410	176,655
Health Resources & Services Administration	93.359	60040500	18,832
National In Nursing Research	93.361	60040418	1,305,755
National Center for Research Resources	93.371	60040410	(8)
National Center for Research Resources	93.389	60040410	236,284
National In Dental & Craniofacial Research	93.390	60040412	40,885
National Cancer Institute	93.393	60040402	5,695,422
National Cancer Institute	93.394	60040402	1,351,137
National Cancer Institute	93.395	60040402	11,625,221
National In General Medical Science	93.396	60040407	4,772,691
National Cancer Institute	93.397	60040402	2,626,965
National Cancer Institute	93.398	60040402	1,644,832
National Cancer Institute	93.399	60040402	1,873,731
Admin Children, Youth & Families	93.632	60070100	399,354
Centers For Medicare & Medicaid Services	93.779	60020000	3,619
National In General Medical Science	93.821	60040407	1,880,131
National Heart Lung Blood	93.837	60040403	5,393,725
National Heart Lung Blood	93.838	60040403	2,924,128
National Heart Lung Blood	93.839	60040403	412,680
National In Arthritis & Musculoskeletal & Skin Ds	93.846	60040419	1,190,332
National In Diabetes & Digestive & Kidney Disease	93.847	60040405	922,546
National In Diabetes & Digestive & Kidney Disease	93.848	60040405	1,828,262
National In Diabetes & Digestive & Kidney Disease	93.849	60040405	2,035,308
National In Neurological Disorders & Stroke	93.853	60040408	6,416,886
National In Allergy Infectious Diseases	93.855	60040404	2,676,946
National In Allergy Infectious Diseases	93.856	60040404	6,769,847
National In General Medical Science	93.859	60040407	3,410,498
National In General Medical Science	93.862	60040407	3,066,131
National In Child Health & Human Development	93.864	60040406	759,479
National In Child Health & Human Development	93.865	60040406	2,727,223
National In Aging	93.866	60040415	3,011,865
National Eye Institute	93.867	60040411	6,372,814
Bureau Health Professions	93.884	60040501	398,285
Health Resources & Services Administration	93.896	60040500	236,256
Fogarty International Center	93.934	60040417	118,948
National In OC Safety& Health	93.956	60040601	366,379
National Institute Gen Med Science	93.960	60040407	9,310
Bureau Health Professions	93.964	60040501	9,978
Bureau Health Professions	93.984	60040501	33,718
Health Resources & Services Administration	93.996	60040500	230,942
Corporation For National Service	94.005	31040001	193,122
NSF Molecular & Cellular Biosciences	95.270	30050103	8,393
National In Neurological Disorders & Stroke	95.853	60040408	56,120
Total pass-through from The Ohio State University			<u>212,561,743</u>

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# THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION

(A Component Unit of The Ohio State University)

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2004

Federal Agency Sponsor	Pass-Through Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	2004 Expenditures
Pass-through from other sources:				
Environmental Protection Agency	Engineering Mechanics Corp. of Columbus	30020000	10020135	\$ 5,475
Environmental Protection Agency	Consortium Plant Biotechnology Res Inc	30020000	20021036	45,383
Environmental Protection Agency	Univ of Wisconsin	30020000	22000006	(3,555)
Environmental Protection Agency	North Carolina State University	30020000	22000136	14,668
Environmental Protection Agency	Univ of Delaware	30020000	22000138	14,601
Environmental Protection Agency	Case Western Reserve University	30020000	22000238	4,425
Environmental Protection Agency	Ohio Environmental Protection Agency	30020000	26340000	120,580
EPA-Office of Water	Miami Conservancy District	30020200	24000476	4,352
EPA-Office of Water	Ohio Environmental Protection Agency	30020200	26340000	52
National Aeronautics and Space Administration	Alliedsignal, Inc	30030000	10011761	1
National Aeronautics and Space Administration	Raytheon Company	30030000	10011847	186,187
National Aeronautics and Space Administration	Rotorcraft Industry Technology Associatn	30030000	20020103	142,794
National Aeronautics and Space Administration	Space Telescope Science Institute	30030000	20021006	92,149
National Aeronautics and Space Administration	Universities Research Association, Inc.	30030000	20021485	(565)
National Aeronautics and Space Administration	California Institute of Technology	30030000	22000054	265,306
National Aeronautics and Space Administration	Johns Hopkins University	30030000	22000133	79,754
National Aeronautics and Space Administration	Georgia Tech Research Institute	30030000	22000245	36,680
National Aeronautics and Space Administration	Rochester Institute of Technology	30030000	22000335	28,954
Ames Research Center	Raytheon Company	30030103	10011847	(95,422)
Ames Research Center	American Museum of Natural History	30030103	20021138	43,097
John Glenn Research Center-Lewis Field	Ohio Aerospace Institute	30030104	20021048	116,464
John Glenn Research Center-Lewis Field	Univ of Illinois	30030104	22000009	23,133
John Glenn Research Center-Lewis Field	Georgia Tech Research Institute	30030104	22000245	736,578
NASA Headquarters	California Institute of Technology	30030105	22000054	4,429
Goddard Space Flight Center	Idaho National Engineering Laboratory	30030301	10011343	193,678
Goddard Space Flight Center	Raytheon Company	30030301	10011847	82,488
National Endowment For The Humanities	Cornell Univ	30040100	22000081	21,617
National Science Foundation	Horizon Research, Inc.	30050000	10012237	12,617
National Science Foundation	Applied Metallurgy Corporation	30050000	10012400	70,281
National Science Foundation	Space Hardware Optimization Technology	30050000	10012510	40,057
National Science Foundation	Cleveland Clinic Foundation	30050000	20010421	19,048
National Science Foundation	Woods Hole Oceanographic Institution	30050000	20020744	278,428
National Science Foundation	Univ Corp Atmospheric Research	30050000	20020793	229,794
National Science Foundation	Internet2-Univ Corp For Adv Internet Dev	30050000	20021469	83,777
National Science Foundation	International Technology Education Assoc	30050000	20021487	160,794
National Science Foundation	Pacific Resources For Educ & Learning	30050000	20021507	29,549
National Science Foundation	Rutgers University	30050000	22000003	21,412
National Science Foundation	Univ of Medic & Dentistry of New Jersey	30050000	22000004	(863)
National Science Foundation	Univ of Illinois	30050000	22000009	432,975
National Science Foundation	Univ of Chicago	30050000	22000018	37,676
National Science Foundation	Virginia Polytechnic Institute	30050000	22000023	128,362
National Science Foundation	Michigan State University	30050000	22000044	375,109
National Science Foundation	Miami University	30050000	22000049	65,249
National Science Foundation	Kansas State Univ	30050000	22000062	74,419
National Science Foundation	Univ of Minnesota	30050000	22000067	55,438
National Science Foundation	Univ of Connecticut	30050000	22000076	12,530
National Science Foundation	Cornell Univ	30050000	22000081	991
National Science Foundation	Univ of Maryland	30050000	22000120	80,751
National Science Foundation	Denison Univ	30050000	22000128	12,981
National Science Foundation	North Carolina State University	30050000	22000136	266,397
National Science Foundation	Univ of Delaware	30050000	22000138	90,103
National Science Foundation	Stanford University	30050000	22000142	58,854
National Science Foundation	Mississippi State University	30050000	22000196	22,920
National Science Foundation	Univ of Alabama At Birmingham	30050000	22000207	706
National Science Foundation	Univ of Washington	30050000	22000212	67,048
National Science Foundation	Montana State University	30050000	22000236	1,199
National Science Foundation	Drexel University	30050000	22000246	78,257
National Science Foundation	Institute For Advanced Study	30050000	22000273	20,890

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# THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION

(A Component Unit of The Ohio State University)

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2004

Federal Agency Sponsor	Pass-Through Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	2004 Expenditures
Pass-through from other sources:				
National Science Foundation	University of California At San Diego	30050000	22000288	\$ 199,647
National Science Foundation	Polytechnic University	30050000	22000321	66,180
National Science Foundation	Northeastern University	30050000	22000329	32,701
National Science Foundation Biological Sciences	Univ of Missouri	30050100	22000073	36,354
NSF-Computer & Information Science & Engineering	Central St Univ	30050200	22000111	25,040
NSF Geosciences	Washington St Univ	30050400	22000096	42,858
NSF Office Polar Programs	Texas A & M University	30050404	22000053	19,799
NSF-Mathematical & Physical Sciences	Princeton University	30050500	22000289	89,790
NSF-Mathematical & Physical Sciences	Southern Methodist University	30050500	22000338	93,601
Small Business Administration	Ohio Business Development Organization	30140000	20020062	66,491
Agency for International Development	Development Alternatives Inc	30300100	10011316	170,357
Agency for International Development	Chemomics International	30300100	10011565	(5,921)
Agency for International Development	American Council On Education	30300100	20020078	50,274
Agency for International Development	United Negro College Fund	30300100	20021410	(16,260)
Agency for International Development	International Rice Research Institute	30300100	20021413	73,125
Agency for International Development	International Center For Tropical Agriculture	30300100	20021554	62,202
Agency for International Development	Univ of Wisconsin	30300100	22000006	(598)
Agency for International Development	Univ of Illinois	30300100	22000009	64,059
Agency for International Development	Oregon St Univ	30300100	22000103	36,966
Agency for International Development	Univ of Georgia	30300100	22000144	51,367
U.S. Department of Agriculture	Biotechnology Research & Developmnt Corp.	40000000	10011994	74,801
U.S. Department of Agriculture	Environmental Energy	40000000	10012272	21,220
U.S. Department of Agriculture	Bioprocessing Innovative Company, Inc.	40000000	10020039	24,350
U.S. Department of Agriculture	Research Triangle Institute	40000000	20020058	32,161
U.S. Department of Agriculture	Dairy Management Inc.	40000000	20020911	23,226
U.S. Department of Agriculture	Ohio Vegetable And Potato Growers Assoc	40000000	20021517	24,351
U.S. Department of Agriculture	Purdue University	40000000	22000002	51,913
U.S. Department of Agriculture	George Mason University	40000000	22000019	30,018
U.S. Department of Agriculture	Michigan State University	40000000	22000044	94,049
U.S. Department of Agriculture	Iowa St Univ	40000000	22000047	147,446
U.S. Department of Agriculture	Univ of Maine At Orono	40000000	22000048	15,686
U.S. Department of Agriculture	Cornell Univ	40000000	22000081	56,427
U.S. Department of Agriculture	Univ of Nebraska	40000000	22000085	78,219
U.S. Department of Agriculture	Colorado St Univ	40000000	22000110	101,084
U.S. Department of Agriculture	Univ of Arizona	40000000	22000116	118,755
U.S. Department of Agriculture	Univ of Delaware	40000000	22000138	9,377
U.S. Department of Agriculture	Mississippi State University	40000000	22000196	2,950
U.S. Department of Agriculture	Case Western Reserve University	40000000	22000238	43
U.S. Department of Agriculture	Universidad Del Este	40000000	22010015	28,592
Cooperative State Research, Education & Extension	National Ffa Organization	40040100	20021004	3,045
Cooperative State Research, Education & Extension	North Cen Reg Susta Agri Rsch & Edu Prog	40040100	20021261	18,380
Cooperative State Research, Education & Extension	Midwest Advanced Food Manufact Alliance	40040100	20021278	35,383
Cooperative State Research, Education & Extension	Purdue University	40040100	22000002	87,596
Cooperative State Research, Education & Extension	Rutgers University	40040100	22000003	25,504
Cooperative State Research, Education & Extension	Univ of Wisconsin	40040100	22000006	39,723
Cooperative State Research, Education & Extension	Univ of Illinois	40040100	22000009	28,452
Cooperative State Research, Education & Extension	Michigan State University	40040100	22000044	1,262
Cooperative State Research, Education & Extension	Iowa St Univ	40040100	22000047	9,192
Cooperative State Research, Education & Extension	Univ of Maine At Orono	40040100	22000048	340
Cooperative State Research, Education & Extension	Southern Illinois University	40040100	22000055	12,964
Cooperative State Research, Education & Extension	Kansas State Univ	40040100	22000062	328,258
Cooperative State Research, Education & Extension	Cornell Univ	40040100	22000081	8,242
Cooperative State Research, Education & Extension	Univ of Nebraska	40040100	22000085	117,018
Cooperative State Research, Education & Extension	University of Florida	40040100	22000108	17,586
Cooperative State Research, Education & Extension	Colorado St Univ	40040100	22000110	12,324
Cooperative State Research, Education & Extension	North Carolina State University	40040100	22000136	82,563
Cooperative State Research, Education & Extension	Univ of Kentucky	40040100	22000143	(2,654)
Cooperative State Research, Education & Extension	Univ of Georgia	40040100	22000144	27,931

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**THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION**  
**(A Component Unit of The Ohio State University)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2004**

<b>Federal Agency Sponsor</b>	<b>Pass-Through Sponsor</b>	<b>Sponsor I.D. Number</b>	<b>Pass-Through I.D. Number</b>	<b>2004 Expenditures</b>
Pass-through from other sources:				
Cooperative State Research, Education & Extension	Univ of Vermont	40040100	22000224	\$ 2,037
Cooperative State Research, Education & Extension	South Dakota State University	40040100	22000262	789
Cooperative State Research, Education & Extension	Univ of Massachusetts - Amherst	40040100	22000274	6,104
Cooperative State Research, Education & Extension	Colegio Universitario Del Este	40040100	22010012	(1,113)
Department of Commerce	Edison Welding Institute Inc	42000000	10011218	19,846
Department of Commerce	Imation Corporation	42000000	10012042	82,709
Department of Commerce	Georgia Tech Research Institute	42000000	22000245	24,689
Department of Commerce	University of Massachusetts - Dartmouth	42000000	22000312	(2,087)
National Oceanic and Atmospheric Administration	Phycotransgenics, Llc	42020000	10012342	8,399
National Oceanic and Atmospheric Administration	National Fish & Wildlife Foundation	42020000	20021134	3,145
National Oceanic and Atmospheric Administration	Univ of Michigan	42020000	22000005	630
National Oceanic and Atmospheric Administration	Univ of Alaska	42020000	22000037	114,709
National Oceanic and Atmospheric Administration	Univ of Connecticut	42020000	22000076	11,439
National Oceanic and Atmospheric Administration	Univ of New Hampshire	42020000	22000131	(206)
National Institute of Standards	Edison Welding Institute Inc	42040000	10011218	2,938
National Institute of Standards & Technology	Owens Corning Corporation	42040000	10011306	168,389
National Institute of Standards & Technology	Edison Materials Technology Center	42040000	10011518	142,248
National Institute of Standards	Ford Motor Company	42040000	10011724	48,734
National Institute of Standards & Technology	Og Technologies, Inc.	42040000	10012262	97,010
U.S. Department of Defense	Veridian-Srl	50000000	10011383	39,858
U.S. Department of Defense	Northrop Grumman Corporation	50000000	10011657	312,172
U.S. Department of Defense	Systran Corporation	50000000	10011833	131,580
U.S. Department of Defense	Nichols Research Corporation	50000000	10011948	(51,826)
U.S. Department of Defense	R & S Associates	50000000	10012346	11,258
U.S. Department of Defense-National Imagery and Mapping	Aegis Research Corporation	50000000	10012365	92,845
U.S. Department of Defense	Syntonics Llc	50000000	10012399	5,372
U.S. Department of Defense	Orbital Research Inc.	50000000	10020026	25,603
U.S. Department of Defense	Sytronics, Inc.	50000000	10020077	38,015
U.S. Department of Defense	Itt Advanced Engineering Services Div	50000000	10020091	12,355
U.S. Department of Defense	Hyper Tech Research, Inc.	50000000	10020102	61,107
U.S. Department of Defense	Wright State Univ	50000000	22000087	189,397
U.S. Department of Defense	Texas Tech Univ	50000000	22000122	43,736
U.S. Department of Defense	Mississippi State University	50000000	22000196	2,374,790
Air Force	Science Applications International Corp	50010000	10011324	(9,789)
Air Force	Veridian-Srl	50010000	10011383	43,343
Air Force	Universal Technology Corporation	50010000	10011471	46,830
Air Force	General Electric Aircraft Engines	50010000	10011756	41,104
Air Force	Harris Corporation	50010000	10012071	94,249
Air Force	Monopole Research	50010000	10012374	56,243
Air Force	S & K Technologies, Inc.	50010000	10012375	148,901
Air Force	Anteon International Corporation	50010000	10012402	66,251
Air Force	Princeton Scientific Instruments Inc	50010000	10012513	48,772
Air Force	Sverdrup Technologies, Inc.	50010000	10020016	47,916
Air Force	Sytronics, Inc.	50010000	10020077	1,431
Air Force	Applied Sciences Inc.	50010000	10020085	11,234
Air Force	Innovative Scientific Solutions Inc	50010000	10020096	70,325
Air Force	Action Technologies Llc	50010000	10020120	30,555
Air Force	Ladish Co. Inc./Chambersburg Engineering	50010000	18000013	344,159
Air Force	Dayton Area Graduate Studies Institute	50010000	20021372	8,589
Air Force	Carnegie-Mellon Univ	50010000	22000051	110,518
Air Force	Univ of Cincinnati	50010000	22000074	68,376
Air Force	Wright State Univ	50010000	22000087	72
Air Force	Univ of Southern California	50010000	22000206	18,927
Air Force	Mass Inst Technology-Lincoln Laboratory	50010000	22000228	856,095
Air Force Office of Scientific Research Laboratory	Psi Technology Company	50010105	10011673	42,059
Air Force Office of Scientific Research Laboratory	Physical Sciences, Incorporated	50010105	10012027	38,047
Air Force Office of Scientific Research Laboratory	Wyle Laboratories	50010105	10012528	67,978
Air Force	Innovative Scientific Solutions Inc	50010105	10020096	214,391

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# THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION

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YEAR ENDED JUNE 30, 2004

Federal Agency Sponsor	Pass-Through Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	2004 Expenditures
Pass-through from other sources:				
Air Force Research Laboratory	Mrlets Technologies, Inc	50010105	10020137	\$ 3,170
Air Force Research Laboratory	Ohio Aerospace Institute	50010105	20021048	9,005
Air Force Office of Scientific Research	Univ of Virginia	50010105	22000203	119,280
Air Force Office of Scientific Research	Vanderbilt University	50010105	22000296	96,769
Army	E-Oir Measurements	50020000	10012263	4,478
Army	High Performance Technologies, Inc.	50020000	10012364	122,240
Army	Syntonics Llc	50020000	10012399	30,381
Army	Urs Corporation	50020000	10012407	14,762
Army	Esa Environmental Specialists, Inc.	50020000	10012415	106,231
Army	Concurrent Technologies Corporation	50020000	20021460	194,957
Army	University of Alabama At Huntsville	50020000	22000007	4,176
Army	Stanford University	50020000	22000142	5,000
Dept of Army	Univ of Rochester	50020000	22000193	63,357
U.S. Army Corps of Engineers	Louisiana St Univ	50020100	22000091	60,275
U.S. Army Corps of Engineers	Univ of Toledo	50020100	22000277	24,500
Army Research Laboratory	Micro Analysis & Design	50020210	10012320	929,396
Army Research Laboratory	Bae Systems	50020210	10030070	83,130
U.S. Army Medical Research	Childrens Research Institute (Columbus)	50020300	20010182	27,935
Army Medical Research & Material Command	Univ of Tennessee	50020301	22000010	104,866
Army Research Office	E-Oir Measurements	50020400	10012263	3,138
Army Research Office	Pixon Llc	50020400	10012394	67,533
Army Research Office	Mass Inst Technology	50020400	22000001	61,286
Department of Navy	Northrop Grumman Corporation	50040000	10011657	60,275
Department of Navy	Raytheon Company	50040000	10011847	38,695
Department of Navy	Arinc Incorporated	50040000	10012359	13,856
Department of Navy	Syntonics Llc	50040000	10012399	21,896
Department of Navy	Visualem Corporation	50040000	10012431	18,070
Office of Naval Research	Caci International Inc.	50040300	10012391	38,690
Office of Naval Research	Univ of Tennessee	50040300	22000010	62,770
Office of Naval Research	Univ of California	50040300	22000011	51,118
Office of Naval Research	California Institute of Technology	50040300	22000054	411,568
Defense Advanced Research Projects Agency	Northrop Grumman Corporation	50060000	10011657	564,942
Defense Advanced Research Projects Agency	Oklahoma State University	50060000	22000313	50,057
National Security Agency	Univ of Maryland	50140000	22000120	3,604
U.S. Department of Education	Center For Civic Education	53000000	20021131	(12,502)
U.S. Department of Education	Education Development Center, Inc.	53000000	20021328	6,555
U.S. Department of Education	National Writing Project Corporation	53000000	20021378	34,291
U.S. Department of Education	Virtual Community School Of Ohio	53000000	20021558	31,967
U.S. Department of Education	Institute For Rehabilitation & Research	53000000	20021559	25,258
U.S. Department of Education	University of California - Davis	53000000	22000013	13,073
U.S. Department of Education	Miami University	53000000	22000049	10,863
U.S. Department of Education	Univ of Minnesota	53000000	22000067	11,423
U.S. Department of Education	Wright State Univ	53000000	22000087	(1,373)
U.S. Department of Education	Columbus Pub Schools	53000000	24000022	26,360
U.S. Department of Education	Livingston Educational Service Agency	53000000	24000465	172,548
U.S. Department of Education	Ohio Div of Career Technical & Adult Ed	53000000	26080100	200,254
U.S. Department of Education	Ohio Div Early Childhood Education	53000000	26080800	36,792
Office of Elementary & Secondary Education	Ohio Board of Regents	53030000	26060000	12,255
Office of Elementary & Secondary Education	Ohio Department of Education	53030000	26080000	256,479
Office of Postsecondary Education	Ohio Board of Regents	53040000	26060000	77,532
Office of Higher Education Programs	Univ of Wisconsin	53040100	22000006	15,786
Office of Special Education & Rehabilitative Svcs	Univ of Cincinnati	53050000	22000074	33,770
Office of Special Education & Rehabilitative Svcs	Ohio Office of Exceptional Children	53050000	26080300	17,568
Office of Vocational & Adult Education	Univ of Minnesota	53060000	22000067	117,464
Office of Vocational & Adult Education	Ohio Div of Career Technical & Adult Ed	53060000	26080100	779,087
Office of Vocational & Adult Education	Ohio Department of Job & Family Services	53060000	26630000	702,762

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# THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION

(A Component Unit of The Ohio State University)

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2004

Federal Agency Sponsor	Pass-Through Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	2004 Expenditures
Pass-through from other sources:				
Department of Energy	Sandia Corp	55000000	10011170	\$ 171,780
Department of Energy	Honeywell Inc	55000000	10011512	1,889
Department of Energy	US Automotive Material Partnership	55000000	10012073	143,066
Department of Energy	Ashman Technologies	55000000	10012227	35,603
Department of Energy	Bechtel Bettis, Inc.	55000000	10012230	173,452
Department of Energy	Environmental Energy	55000000	10012272	49,921
Department of Energy	Supergenics Llc	55000000	10012405	10,408
Department of Energy	H2Fuel Llc	55000000	10012426	42,432
Department of Energy	Seafire Micros, Inc.	55000000	10012447	32,999
Department of Energy	Us Enrichment Program	55000000	10012535	17,417
Department of Energy	Faraday Technology, Inc.	55000000	10020046	39,695
Department of Energy	UES, Inc.	55000000	10020049	(26,418)
Department of Energy	Hyper Tech Research, Inc.	55000000	10020102	42,714
Department of Energy	Global Research & Development, Inc.	55000000	10020103	71,510
Department of Energy	Applied Engineering Solutions, Llc	55000000	10020114	36,496
Department of Energy	Sibtech, Inc.	55000000	10040112	43,618
Department of Energy	Battelle Memorial Institute	55000000	20020012	20,311
Department of Energy	National Renewable Energy Laboratory	55000000	20020800	140,930
Department of Energy	Consortium Plant Biotechnology Res Inc	55000000	20021036	1,092
Department of Energy	Battelle-Pacific Northwest Laboratory	55000000	20021070	80,796
Department of Energy	Knolls Atomic Power Laboratory	55000000	20021418	(324)
Department of Energy	Universities Research Association, Inc.	55000000	20021485	590,279
Department of Energy	UT-Battelle, Llc	55000000	20021486	89,962
Department of Energy	Univ of Michigan	55000000	22000005	88,945
Department of Energy	Univ of California	55000000	22000011	126,265
Department of Energy	Indiana University	55000000	22000012	2,151
Department of Energy	West Virginia University	55000000	22000032	31,490
Department of Energy	Univ of North Dakota	55000000	22000072	28,285
National Energy Technology Laboratory	Battelle Memorial Institute	55130000	20020012	30,038
Department of Health & Human Services	Univ of Illinois	60000000	22000009	82,016
Department of Health & Human Services	Ohio Department of Job & Family Services	60000000	26630000	126,368
Social Security Administration	Univ of Illinois	60030000	22000009	54,717
National Institute of Health	Cancervax	60040400	10012419	70,500
National Institute of Health	Sibyl Pharmaceutical Inc	60040400	10040124	2,846
National Institute of Health	NSABP Foundation, Inc.	60040400	20010527	89,651
National Institute for Occupational Safety and Health	National Safety Council	60040400	20021154	35,130
National Institute of Health	Hospital For Special Surgery	60040400	20021549	10,032
National Institute of Health	Univ of Tennessee	60040400	22000010	20,321
National Institute of Health	Wayne State University	60040400	22000034	100,646
National Institute of Health	Northwestern University	60040400	22000041	3,149
National Institute of Health	Duke Univ	60040400	22000094	121,136
National Institute of Health	Johns Hopkins University	60040400	22000133	338,425
National Institute of Health	Univ of Rochester	60040400	22000193	6,579
National Institute of Health	Univ of Puerto Rico	60040400	22000226	41,527
National Institute of Health	Case Western Reserve University	60040400	22000238	608,623
National Institute of Health	Ny University	60040400	22000254	4,229
National Institute of Health	Wake Forest University	60040400	22000286	150,267
National Cancer Institute	Science Applications International Corp	60040402	10011324	310,175
National Cancer Institute	Imedd, Inc.	60040402	10012234	(2,991)
National Cancer Institute	Westat, Inc.	60040402	10012409	1,158
National Cancer Institute	Cancervax	60040402	10012419	973
National Cancer Institute	Childrens Research Institute (Columbus)	60040402	20010182	37,854
National Cancer Institute	Mayo Foundation	60040402	20010289	485,603
National Cancer Institute	Cleveland Clinic Foundation	60040402	20010421	158,004
National Cancer Institute	Foundation For The Children's Oncology G	60040402	20010553	85,719
National Cancer Institute	Battelle Memorial Institute	60040402	20020012	57,666
National Cancer Institute	Gynecologic Oncology Group	60040402	20020024	72,282
National Cancer Institute	Research Triangle Institute	60040402	20020058	24,444

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# THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2004

Federal Agency Sponsor	Pass-Through Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	2004 Expenditures
Pass-through from other sources:				
National Cancer Institute	Southwest Oncology	60040402	20020412	\$ 3,009
National Cancer Institute	Cancer Therapy & Research Fnd of S Texas	60040402	20020745	40,487
National Cancer Institute	Am College of Radiology	60040402	20020917	1,192
National Cancer Institute	Institute of Cancer Prevention	60040402	20021179	14,633
National Cancer Institute	Univ Kansas Medical Ctr & Res Institute	60040402	20021356	(91)
National Cancer Institute	John Wayne Cancer Institute	60040402	20021377	48,932
National Cancer Institute	Strang Cancer Prevention Center	60040402	20021428	211,257
National Cancer Institute	Dana-Farber Cancer Institute	60040402	20021438	1,911
National Cancer Institute	Univ of Wisconsin	60040402	22000006	10,914
National Cancer Institute	Indiana University	60040402	22000012	12,688
National Cancer Institute	University of California - Davis	60040402	22000013	5,440
National Cancer Institute	Univ of Chicago	60040402	22000018	1,074,098
National Cancer Institute	Univ of New Mexico	60040402	22000056	32,066
National Cancer Institute	Duke Univ	60040402	22000094	1,241
National Cancer Institute	Univ of Maryland	60040402	22000120	197,789
National Cancer Institute	Univ of South Florida	60040402	22000123	17,244
National Cancer Institute	Univ of North Carolina	60040402	22000146	19,839
National Cancer Institute	Harvard University	60040402	22000169	307,497
National Cancer Institute	Univ of Southern California	60040402	22000206	109,421
National Cancer Institute	Washington Univ	60040402	22000209	26,110
National Cancer Institute	Medical College of Ohio	60040402	22000210	180,164
National Cancer Institute	University of California At San Diego	60040402	22000288	215,203
National Cancer Institute	Yeshiva University	60040402	22000331	280
National Heart, Lung and Blood Institute	Cleveland Clinic Foundation	60040403	20010421	100,297
National Heart, Lung and Blood Institute	National Jewish Medical Center	60040403	20021369	90,103
National Heart, Lung and Blood Institute	Univ of Pittsburgh	60040403	22000036	7,536
National Heart, Lung and Blood Institute	Univ of New Mexico	60040403	22000056	(22,288)
National Heart, Lung and Blood Institute	Duke Univ	60040403	22000094	42,764
National Heart, Lung and Blood Institute	Johns Hopkins University	60040403	22000133	110,504
National Institute of Allergy and Infectious Disease	Ligocyte Pharmaceuticals, Inc.	60040404	10012473	32,571
National Institute of Allergy and Infectious Disease	Mckesson Corporation	60040404	10040089	45,542
National Institute of Allergy and Infectious Disease	Amarillo Biosciences, Inc.	60040404	10040096	(3,686)
National Institute of Allergy and Infectious Disease	Vical Incorporated	60040404	10040100	103,330
National Institute of Allergy and Infectious Disease	Childrens Research Institute (Columbus)	60040404	20010182	71,039
National Institute of Allergy and Infectious Disease	Univ of Minnesota	60040404	22000067	76,853
National Institute of Allergy and Infectious Disease	Univ of North Carolina	60040404	22000146	33,066
National Institute of Allergy and Infectious Disease	University of Massachusetts - Worcester	60040404	22000318	13,627
National Institute of Allergy and Infectious Disease	Univ of Texas Hlth Sci Ctr - San Antonio	60040404	22000330	90,467
National Institute of Allergy and Infectious Disease	Tufts Univ	60040404	22000343	75,530
Nat Inst Diabetes & Digestive & Kidney Disease	University Hospitals of Cleveland	60040405	10012297	22,750
Nat Inst Diabetes & Digestive & Kidney Disease	Rhode Island Hospital	60040405	20021502	46,980
Nat Inst Diabetes & Digestive & Kidney Disease	Univ of Pittsburgh	60040405	22000036	61,696
Nat Inst Diabetes & Digestive & Kidney Disease	Univ of Cincinnati	60040405	22000074	29,610
Nat Inst Diabetes & Digestive & Kidney Disease	Univ of California At Los Angeles	60040405	22000269	266,202
Nat Inst Diabetes & Digestive & Kidney Disease	Univ of Texas Medical Branch At Galvestn	60040405	22000327	16,449
National IN Child Health & Human Development	Childrens Research Institute (Columbus)	60040406	20010182	70,318
National Institute of Child Health & Human Develop	Nat Bureau Economic Research	60040406	20020748	182,712
National Institute of Child Health & Human Develop	Children's Hospital Medical Ctr Of Cinti	60040406	20021456	(252)
National Institute of Child Health & Human Develop	Univ of Michigan	60040406	22000005	43,358
National Institute of Child Health & Human Develop	Univ of Alabama At Birmingham	60040406	22000207	112,854
National Institute of Child Health & Human Develop	Case Western Reserve University	60040406	22000238	11,946
National Institute of Child Health & Human Develop	Univ of California At Los Angeles	60040406	22000269	105,418
National Institute of Child Health & Human Develop	Emory University	60040406	22000295	141,743
National Institutes of General Medical Sciences	Univ of Illinois	60040407	22000009	(835)
National Institutes of General Medical Sciences	State Univ Ny	60040407	22000042	48,662
National Institutes of General Medical Sciences	Univ of South Carolina	60040407	22000241	51,047
National Institutes of General Medical Sciences	University of California San Francisco	60040407	22000317	230,815
National Institute of Neurological Disorders & Str	Science Applications International Corp	60040408	10011324	6,847

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Federal Agency Sponsor	Pass-Through Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	2004 Expenditures
Pass-through from other sources:				
National Institute of Neurological Disorders & Str	Molecules For Health, Inc.	60040408	10012414	\$ 30,465
National Institute of Neurological Disorders & Str	Mayo Foundation	60040408	20010289	45,557
National Institute of Neurological Disorders & Str	Childrens Hosp, Columbus	60040408	20020124	20,619
National Institute of Neurological Disorders & Str	Univ of Minnesota	60040408	22000067	13,215
National Institute of Neurological Disorders & Str	Loyola University of Chicago	60040408	22000115	32,419
National Institute of Neurological Disorders & Str	Univ of Utah	60040408	22000145	313
National Institute of Neurological Disorders & Str	Ut Southwestern Medical Center At Dallas	60040408	22000316	33,137
National Institute of Neurological Disorders & Str	Univ of Texas Hlth Sci Ctr - San Antonio	60040408	22000330	452
National Institute of Neurological Disorders & Str	Georgetown University	60040408	22000339	3,251
National Library Of Medicine	Univ of Illinois	60040409	22000009	22,763
National Eye Institute	Jaeb Center For Health Research	60040411	20021387	2,381
National Eye Institute	Univ of Illinois	60040411	22000009	116,884
National Eye Institute	Johns Hopkins University	60040411	22000133	23,725
National Eye Institute	Univ of Pennsylvania	60040411	22000195	5,741
National Institute Dental & Craniofacial Rsch	Univ of New Mexico	60040412	22000056	16,333
National Institute of Aging	Wake Forest University	60040415	22000286	32,249
National Institute Nursing Research	Battelle Memorial Institute	60040418	20020012	102,000
National Institute Nursing Research	Emory University	60040418	22000295	7
National Institute Arthritis & Muscle & Skin Disor	Barnes-Jewish Hospital	60040419	20021500	(4,464)
National Institute Arthritis & Musculoskeletal & Skin	Virginia Polytechnic Institute	60040419	22000023	152,476
National Institute Arthritis & Muscle & Skin Disor	Univ of New Mexico	60040419	22000056	36,865
National Institute Arthritis & Muscle & Skin Disor	Yale Univ	60040419	22000088	162,615
National Institute Arthritis & Muscle & Skin Disor	Duke Univ	60040419	22000094	38,288
National Institute Arthritis & Muscle & Skin Disor	Univ of Virginia	60040419	22000203	(1,590)
National Institute Deafness & Other Commncation Di	Purdue University	60040420	22000002	48,679
National Institute Deafness & Other Commncation Di	Univ of Arizona	60040420	22000116	22,875
National Institute Deafness & Other Commncation Di	Washington Univ	60040420	22000209	1,439
National Institute of Mental Health	Passive Motion Therapeutics Inc	60040421	10012485	71,926
National Institute of Mental Health	Duke Univ	60040421	22000094	26,795
National Institute of Drug Abuse	Virginia Polytechnic Institute	60040422	22000023	171,258
National Institute on Drug Abuse	Ohio University	60040422	22000130	148,505
National Institute of Drug Abuse	Univ of Washington	60040422	22000212	36,333
National Institute Alcohol Abuse & Alcoholism	Wake Forest University	60040423	22000286	70,131
Substance Abuse & Mental Health Services Adm	Ohio Dept Alcohol&Drug Addiction Services	60040424	26530000	25,267
National Human Genome Research Institute	Nimblegen Systems Inc	60040426	10012573	11,124
National Center for Complementary and Alternative	Mount Sinai Medical Center	60040427	10011783	2,954
Health Resources and Services Administration	Case Western Reserve University	60040500	22000238	119,567
Maternal & Childrens Health Bureau	Hemophilia Foundation of Michigan	60040505	20021026	11,498
Maternal & Childrens Health Bureau	Ohio Department of Health	60040505	26090000	114,853
Centers for Disease Control & Prevention	Hemophilia Foundation of Michigan	60040600	20021026	4,784
Center for Disease Control	ASC of Schools of Public Health	60040600	20021358	111,751
Centers for Disease Control & Prevention	Univ of Pittsburgh	60040600	22000036	306,874
Centers for Disease Control & Prevention	Univ of Maine At Orono	60040600	22000048	58,403
Department of the Interior	Smart Transitions Llc	72000000	10012438	52,079
U.S. Fish and Wildlife Service	National Fish & Wildlife Foundation	72030000	20021134	9,795
U.S. Fish and Wildlife Service	Ohio Department of Natural Resources	72030000	26110000	(109)
U.S. Fish and Wildlife Service	Ohio Division of Wildlife	72030000	26110100	932,342
U.S. Geological Survey	Ohio University	72040000	22000130	352
Office of Justice Programs	Office of Criminal Justice Services	74040000	26140401	123,305
U.S. Department of Labor	National Opinion Research Center	76000000	20020932	1,394,747
U.S. Department of Labor	Univ of Baltimore	76000000	22000347	4,049
U.S. Department of Labor	Ohio Gov Cncl On People With Disabilities	76000000	26000002	4,567
U.S. Department of Labor	Ohio Div of Career Technical & Adult Ed	76000000	26080100	36,033
U.S. Department of Labor-Employment & Training Adm	Alaska Labor And Workforce Development	76010000	24000458	27,198
U.S. Department of Labor-Employment & Training Adm	Ohio Div of Career Technical & Adult Ed	76010000	26080100	59,748
Department of Transportation	Battelle Memorial Institute	82000000	20020012	(45,287)
Federal Highway Administration	Ohio Department of Transportation	82010000	26010000	1,416,232
Federal Aviation Administration	Ohio University	82030000	22000130	7,963
U.S. Coast Guard	Strategic Research Group Llc	82070000	10020073	(5,868)

Subtotal pass-through from other sources

36,788,339

(Continued)



**THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION**  
**(A Component Unit of The Ohio State University)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

<b>Federal Agency Sponsor</b>	<b>Pass-Through Sponsor</b>	<b>CFDA Number</b>	<b>Sponsor I.D. Number</b>	<b>Pass-Through I.D. Number</b>	<b>2004 Expenditures</b>
Pass-through from The Ohio State University:					
Department Of Housing & Urban Development			70000000		\$ (2,280)
Agency For International Development			30300100		31,755
Health Resources & Services Admin			60040500		58,213
National Aeronautics & Space Administration			30030000		3,006
Agricultural Research Service		10.001	40040200		3,793
North Cent Rgnl Integrated Pest Mgmt Prg		10.200	40040102		26,774
Food Safety & Inspection Service		10.475	40130000		1,269
Cooperative State Res Educ & Extension Service		10.500	40040100		185,383
National Oceanic & Atmospheric Administration		11.417	42020000		55,329
Department Of State		19.415	80000000		
NSF Division Bioengineering & Environmental		47.041	30050307		54,388
NSF Integrative Biology & Neuroscience		47.074	30050102		4,563
NSF Elementary,Secondary&Informal Eductn		47.076	30050607		404,104
Environmental Protection Agency		66.606	30020000		14,882
Environmental Protection Agency		66.716	30020000		18,222
Center For International Education		84.015	53040200		538,239
Department Of Education		84.047	53000000		320,820
Office Vocational & Adult Education Progrms		84.051	53060000		1,090,969
Rehabilitation Services Administration		84.129	53050200		88,929
Office Of Elementary & Secondary Education		84.149	53030000		242,001
Office Of Postsecondary Education		84.220	53040000		2,700
Office Of Special Education Programs		84.325	53050100		402,875
Office Of Special Education Programs		84.326	53050100		1,821,183
Department Of Education		84.333	53000000		24,276
Office Vocational & Adult Education Progrms		84.341	53060000		152,361
National Center For Research Resources		93.333	60040410		2,001,838
Health Resources & Services Admin		93.358	60040500		71,586
National Center For Research Resources		93.389	60040410		763,087
National Cancer Institute		93.398	60040402		4,797
Admin Children, Youth, & Families		93.600	60070100		592,059
Health Resources & Services Admin		93.887	60040500		1,529,607
					<u>10,506,728</u>
OTHER PROGRAMS:					
Pass-through from other sources:					
Environmental Protection Agency	Oh Environmental Protection Agency		30020000	26340000	77,848
National Endowment for the Arts	Heartland Arts Fund		30040200	20012068	14,000
Department of Agriculture	Pennsylvania State University		40000000	22000030	17,063
Department of Agriculture	Michigan State University		40000000	22000044	1,500
US Department of Agriculture	Ohio Department of Job & Family Services		40000000	26630000	2,200,800
Cooperative State Research, Education & Extension	Michigan State University		40040100	22000044	55,503
Cooperative State Research, Education & Extension	Texas A & M University		40040100	22000053	29,605
Cooperative State Research, Education & Extension	Kansas State Univ		40040100	22000062	5,693
Cooperative State Research, Education & Extension	Univ of Minnesota		40040100	22000067	2,104
Cooperative State Research, Education & Extension	Cornell Univ		40040100	22000081	9,449
Risk Management Agency	Mid Am Ag & Hort Services Inc		40180000	20021550	3,917
National Institute of Standards & Technology	Dayton Area Graduate Studies Institute		42040000	20021372	18,330
U.S. Department of Education	Univ of Minnesota		53000000	22000067	13,989
U.S. Department of Education	Ohio Div Early Childhood Education		53000000	26080800	22,648
Department of Health & Human Services	Cooperative Educational Service Agency		60000000	20021342	1,914
Department of Health & Human Services	Clermont County Dept of Human Services		60000000	24000443	(12,823)
National Institute of Health	National Center For Family Literacy		60040400	20021411	26,969
National Institute of Allergy and Infectious Disea	Childrens Research Institute (Columbus)		60040404	20010182	73,827
Health Resources and Services Administration	Wayne State University		60040500	22000034	854
Health Resources & Services Administration	Univ of Pittsburgh		60040500	22000036	288,217
Department of Transportation	Ohio Department of Public Safety		82000000	26400000	60,331
					<u>2,911,738</u>
<b>TOTAL FEDERAL PROGRAMS</b>					<u><b>\$262,768,548</b></u>

# THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION (A Component Unit of The Ohio State University)

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2004

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### 1. ORGANIZATION

The Ohio State University Research Foundation (the “Research Foundation”) is a nonprofit educational corporation created in 1936 as a vehicle to promote the development, implementation, and coordination of sponsored research at The Ohio State University (the “University”) in the furtherance of the University’s educational objectives. Accordingly, grants received for sponsored research are deemed to be pass-throughs from the University.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Basis of Presentation***—The accompanying Schedule of Expenditures of Federal Awards includes all the federal grant transactions of the Research Foundation recorded on the accrual basis of accounting.

***Subrecipients***—Certain funds are passed through to subgrantee organizations by the Research Foundation. Expenditures incurred by the subgrantees and reimbursed by the Research Foundation are presented in the Schedule of Expenditures of Federal Awards. The Research Foundation is also the subrecipient of federal funds which are reported as expenditures and listed as federal pass-through funds.

### 3. REIMBURSEMENT OF FACILITIES AND ADMINISTRATIVE COSTS

U.S. Office of Management and Budget (“OMB”) Circular A-21 (“A-21”), *Costs Principles for Educational Institutions*, requires submission of a Certificate of Facilities and Administrative Costs (“Certificate”) to an institution’s cognizant agency. The Certificate is prepared by the University and is used in negotiations with its cognizant agency, the Department of Health and Human Services (“DHHS”), in determining a rate at which the University and the Research Foundation will be reimbursed for the facilities and administrative costs associated with the completion of sponsored research.

The Research Foundation receives reimbursement of facilities and administrative costs as part of the granting agreement at either the rate negotiated with DHHS or at special rates negotiated with the granting agency. Facilities and administrative costs recovered by the Research Foundation are remitted to the University.

On July 31, 2003, DHHS approved facilities and administrative cost recovery rates effective from July 1, 2003 through June 30, 2006. The facilities and administrative cost rate structure, including the rates submitted within the Certificate, are as follows:

Rate Type	Effective July 1, 2003 Through June 30, 2006	
	Rate as Submitted Within Certificate	Negotiated Rate
Organized Research:		
On-Campus:		
07/01/03 - 06/30/06	49.4 %	49.5 %
Off-Campus	26.0 %	26.0 %
Instruction:		
On-Campus:		
07/01/03 - 06/30/06	52.5 %	49.5 %
Off-Campus	26.0 %	26.0 %
Other Sponsored Activities:		
On-Campus		
07/01/03 - 06/30/06	22.5 %	33.0 %
Off-Campus		
07/01/03 - 06/30/06	15.0 %	24.0 %
General Clinical Research Center:		
On-Campus	23.4 %	20.0 %

Differences between the rates submitted in the Certificate and the rates negotiated with DHHS result from DHHS's review of the underlying support and assumptions used by the University in the preparation of the Certificate. Despite DHHS's approval, negotiated rates could be adjusted retroactively, and reimbursement to granting agencies could be required if costs identified as unallowable per A-21 were improperly included in amounts within the Certificate.

\* \* \* \* \*

## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
The Ohio State University Research Foundation

We have audited the financial statements of The Ohio State University Research Foundation (the "Research Foundation"), a component unit of The Ohio State University, as of and for the year ended June 30, 2004, and have issued our report thereon dated October 15, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

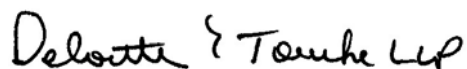
### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Research Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### **Compliance and Other Matters**

As a part of obtaining reasonable assurance about whether the Research Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, the audit committee, management of the Research Foundation, federal awarding agencies, state funding agencies, pass-through entities, and the Auditor of State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.



October 15, 2004

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Board of Directors  
The Ohio State University Research Foundation

### **Compliance**

We have audited the compliance of The Ohio State University Research Foundation (the "Research Foundation"), a component unit of The Ohio State University, with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2004. The Research Foundation's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Research Foundation's management. Our responsibility is to express an opinion on the Research Foundation's compliance based on our audit.

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

In our opinion, the Research Foundation complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 04-1 and 04-2.

### **Internal Control Over Compliance**

The management of the Research Foundation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable

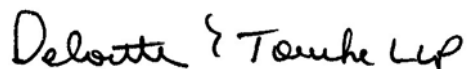
to federal programs. In planning and performing our audit, we considered the Research Foundation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of The Ohio State University Research Foundation as of and for the year ended June 30, 2004, and have issued our report thereon dated October 15, 2004. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. This schedule is the responsibility of the Research Foundation's management. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated, in all material respects, when considered in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors, the audit committee, management of the Research Foundation, federal awarding agencies, state funding agencies, pass-through entities, and the Auditor of State of Ohio, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Deloitte & Touche LLP".

October 15, 2004

**THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION  
(A Component Unit of The Ohio State University)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2004**

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**PART I—SUMMARY OF AUDITORS' RESULTS**

1. The independent auditors' report on the financial statements expressed an unqualified opinion.
2. Our audit of the financial statements did not disclose a reportable condition in internal controls over financial reporting.
3. No instance of noncompliance considered material to the financial statements was disclosed by the audit.
4. Our audit of compliance with the types of compliance requirements applicable to the financial statements did not disclose a reportable condition in internal control over compliance with requirements applicable to major federal award programs.
5. The independent auditors' report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.
6. The audit disclosed findings required to be reported by OMB Circular A-133.
7. The Research Foundation's major program was:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Research and Development Cluster	Various

8. A threshold of \$3,000,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.
9. The Research Foundation does qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

**PART II—FINANCIAL STATEMENT FINDINGS SECTION**

No matters are reportable.

**THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION  
(A Component Unit of The Ohio State University)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2004**

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**PART III—FEDERAL AWARD FINDING AND QUESTIONED COST SECTION**

**04-1: Tracking of fixed assets**

**Grantor:** National Institutes of Health

**Sponsor Identification Number:** 60040405 and 60040404

**Project Number:** 744965, Master Project Number (MPN) 765012 and 734268, MPN 864931

**Criteria:** Office of Management and Budget Circular A-110, .34f, requires that “equipment records should be maintained accurately and shall include . . . [the] manufacturer’s serial number, model number, federal stock number, national stock number or other identification number.”

**Finding:** Four out five assets tested for internal project number (IP#) 744965 did not have tags physically attached. In addition, the equipment’s location was not accurately reflected in the fixed asset management system.

**Effect:** If tag numbers are not promptly attached to newly acquired fixed assets and locations are not kept up-to-date in the system, an entity lacks adequate and dependable information necessary to properly safeguard and account for its fixed assets.

**Recommendation:** We recommend that all fixed asset items be tagged in a timely manner after received. All asset movements should also be communicated to the equipment coordinator for recording and the fixed asset system should be updated accordingly.

**Research Foundation Response:** When equipment purchased on sponsored programs is delivered to central receiving, which is the majority of the time, we tag 100 percent of this equipment upon arrival.

Equipment that is delivered directly to a University department follows the established University procedure of relying on the department equipment coordinators to tag their equipment. In accordance with this policy, we have mailed reminders and followed up with telephone calls to the departmental equipment coordinators who have failed to tag the items listed above. To address the tagging problem resulting from department equipment coordinators’ failure to tag all sponsored programs purchased equipment that is delivered directly to departments, we are henceforth modifying our procedures. After two notifications, we will send a member of our staff to tag the asset. At the same time, we will notify the office of the Controller of the tagging exception for follow up. Additionally, Internal Audit will be notified, and follow up will occur if deemed necessary.



**THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION  
(A Component Unit of The Ohio State University)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2004**

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**04-2: Duplicate of Travel Reimbursements**

**Grantor:** National Science Foundation

**Sponsor Identification Number:** 30050300

**Project Number:** 740659; MPN 866737

**Criteria:** Office of Management and Budget Circular A-110, requires that “for financial audits, including audits of financial statements...auditors should report...(1) deficiencies in internal control considered to be reportable conditions as defined in AICPA standards, (2) all instances of fraud and illegal acts unless clearly inconsequential, and (3) significant violations of provisions of contracts or grant agreements and abuse. In some circumstances, auditors should report fraud, illegal acts, violations of provisions of contracts or grant agreements, and abuse directly to parties external to the audited entity.”

**Finding:** During Internal Audit’s (“IA”) review of the University’s Procurement Cards (“P-Cards”), several issues were denoted that limited the effectiveness of the controls. IA discovered that the individual responsible for reviewing reimbursements did not question costs as they were presented. The issues varied including improper documentation and charges submitted.

During the investigation it was discovered that a principal investigator (“PI”) for the Research Foundation was charging travel expenses to the University’s P-card, while also fraudulently submitting invoices for travel reimbursement to the Research Foundation. As a result, the PI had been inappropriately reimbursed \$4,436.34. Upon discovery, the Research Foundation removed the expenses from the programs, despite the fact that they may have been valid expenditures. As required, the Research Foundation notified the applicable federal programs in which the individual was involved.

**Effect:** If policies for P-cards and travel reimbursement, outlined by the Research Foundation and the University, are not upheld by the departments the University and the Research Foundation become vulnerable to improper usage and fraud, relating to both federal and non-federal funds.

**Recommendation:** We recommend that departments within the University & IA (including the OSURF and Hospital) continue to review & test the procedures involving P-cards and travel reimbursement. This will stress the importance of the preventative controls in the procedures and allow for detection of potential issues.

**Research Foundation Response:** The Research Foundation has an American Express sponsored projects procurement card program that is separate from the University’s Mastercard program. The Research Foundation has clearly defined formal policies governing the use of its procurement card that are published on our web site and in print. Additionally, the Research Foundation’s procurement card cannot be used for travel (by vendor/industry restriction). We also have internal controls in place that prevent the inappropriate use of these cards.

**THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION  
(A Component Unit of The Ohio State University)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2004**

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The University's policies prohibit the use of a University Procurement card for any sponsored project activity including travel. The traveler in this case violated this University procurement card policy.

Since the recommendation regarding this finding ("the University institute formal policies and controls over the usage of P cards") is not currently directly pertinent to the management of sponsored programs, the Research Foundation can only continue to be diligent in monitoring travel claims for adherence to sponsor and University policy. At the Research Foundation, we have always insisted on pre-approval for all travel having a prepayment of expenses and sponsored project travel expenses are not allowed on either procurement card. Preventing a situation like these fraudulent travel charges from occurring is difficult, considering the circumstances and the method used to perpetrate the fraud. Regardless, we will be mindful of the event in processing travel claims going forward.

***The Ohio State University  
Research Foundation  
(A Component Unit of The Ohio  
State University)***

*Financial Statements for the Years  
Ended June 30, 2004 and 2003  
and Independent Auditors' Report*

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Ohio State University Research Foundation  
Columbus, Ohio

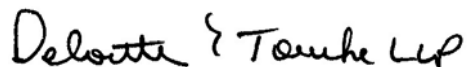
We have audited the accompanying statements of net assets of The Ohio State University Research Foundation (the "Research Foundation"), a component unit of The Ohio State University, as of June 30, 2004 and 2003, and the related statements of revenues, expenses and changes in net assets, and of cash flows for the years then ended. These financial statements are the responsibility of the Research 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 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 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, such financial statements present fairly, in all material respects, the financial position of the Research Foundation as of June 30, 2004 and 2003, and its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2004, on our consideration of the Research Foundation's internal control over financial reporting and our tests of its compliance and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



October 15, 2004

# **THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION**

## **(A Component Unit of The Ohio State University)**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

#### **YEAR ENDED JUNE 30, 2004**

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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 Research Foundation for the year ended June 30, 2004, with comparative information for the year ended June 30, 2003. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

#### **ABOUT THE FINANCIAL STATEMENTS**

Along with the State of Ohio, the Research Foundation has implemented a governmental financial reporting model, which is set forth in Governmental Accounting Standards Board ("GASB") Statement Nos. 34 and 35. Under these accounting standards, the Research Foundation will present its financial reports in a single-column "business type activity" format. GASB Statement No. 35 defines business type activities as those financed in whole or in part by fees charged to external parties for goods and services. Most public colleges and universities have elected to use the business type activity format.

In addition to this MD&A section, the financial report includes a statement of net assets, a statement of revenues, expenses and changes in net assets, statement of cash flows and footnotes.

The statement of net assets is the Research Foundation's balance sheet. It reflects the total assets, liabilities, and net assets (equity) of the Research Foundation as of June 30, 2004, with comparative information as of June 30, 2003. 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 market value. Capital assets, which include the Research Foundation's furniture and equipment, are shown net of accumulated depreciation. Net assets are grouped in the following categories:

- Invested in capital assets, net of plant debt
- Restricted - Nonexpendable (endowment and annuity funds)
- Restricted - Expendable (primarily current restricted and loan funds)
- Unrestricted

The statement of revenues, expenses and changes in net assets is the Research Foundation's income statement. It details how net assets have increased (or decreased) during the Fiscal Year that ended June 30, 2004, with comparative information for Fiscal Year 2003. Depreciation is provided for capital assets, and there are required subtotals for net operating income or loss and net income or loss before additions to nonexpendable funds.

It should be noted that the required subtotal for net operating income or loss will generally reflect a loss for the Research Foundation. This is primarily due to the way operating and non-operating items are being reported. Operating expenses include virtually all Research Foundation expenses. Operating revenues, however, exclude certain significant revenue streams, including our corporate operating budget. Under this

paradigm, our operating loss will increase or decrease based upon the amount of our corporate operating budget.

The statement of cash flows details how cash has increased (or decreased) during the year ended June 30, 2004, with comparative information for Fiscal Year 2003. It breaks out the sources and uses of Research Foundation cash into the following categories:

- Operating activities
- Noncapital financing activities
- Capital and related financing activities
- Investing activities

Cash flows associated with the Research Foundation's expendable net assets 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 footnotes, which follow the financial statements, provide additional details on the numbers in the financial statements.

## **GENERAL**

The Ohio State University Research Foundation is a nonprofit corporation created as a vehicle to promote sponsored research at The Ohio State University (the "University").

In November 1936, the Ohio Secretary of State issued a charter to The Ohio State University Research Foundation as a nonprofit educational corporation. Incorporators of the Foundation included the renowned inventor Charles F. Kettering and James F. Lincoln, president of the Lincoln Electric Company. The Board of Directors consists of the following member directors:

- Trustee Member (1):  
Appointed by the Board of Trustees of the University.
- University Administration Members (3):  
Including the Vice President for Research, the Executive Vice President for Academic Affairs and Provost, and the Dean of the Graduate School as designated by the Board of Trustees of the University.
- Faculty Members (4):  
Selected from the faculty by the Research Committee of the University Senate.
- Alumni Members (2):  
Designated by The Ohio State University Alumni Association from alumni of the University.
- At-Large (1):  
Designated by the President of the University from among members of national organizations of distinguished engineers, scientists, and scholars.

The Research Foundation Board of Directors elects officers during the regular annual meeting. The officers include President, Vice President, Secretary, Assistant Secretary, Treasurer and Executive Director of the Research Foundation. The Directors appoint an Executive Committee and other committees as needed.

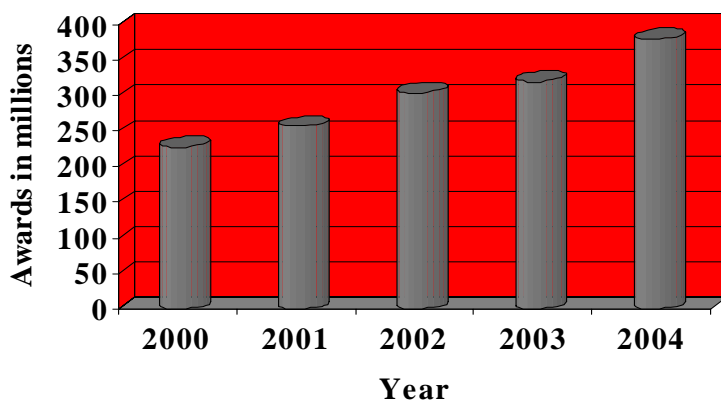
The function of the Research Foundation has evolved over the years in response to the needs of the research community within the University. The Research Foundation began as an organization created to encourage industry sponsorship of University research. It now provides specialized integrated administrative and financial services for research and other activities supported by a wide range of external sponsors.

The Research Foundation does not own or operate research facilities but utilizes facilities provided by the University under an agreement between the Board of Trustees of the University and the Research Foundation. Personnel working on Research Foundation projects are appointed as University personnel and are paid through the University under provisions of the agreement. The Research Foundation Board of Directors approves the operating budget for the Research Foundation's administrative expenses.

### **FINANCIAL HIGHLIGHTS AND KEY TRENDS**

In Fiscal Year 2004, awards were approximately \$380 million, an increase of 19% from 2003. To put this in perspective, awards exceeded \$200 million for the first time in the year 2000 and awards exceeded \$300 million for the first time in the year 2003. This year's increase was mainly attributable to non-federal awards. Awards from the State of Ohio increased by 96% during 2004 and exceeded \$55 million. In addition, in 2004, we experienced modest growth in our federal awards. The National Science Foundation (NSF) and the Department of Labor accounted for most of the federal growth.

#### **Award Growth**



Sponsor revenues and expenditures in Fiscal Year 2004 increased by \$31 million (11% ) to \$315 million with most of the increase attributable to federal sponsors. The increase in expenditures generated a corresponding 8% increase in Facilities and Administrative expense recovery.

To support our continued growth in sponsored project research, we are investing heavily in PeopleSoft financial tools that support electronic research administration. These tools include the PeopleSoft Grants Management Suite, PeopleSoft Procurement, PeopleSoft General Ledger, and PeopleSoft Human Resources. The PeopleSoft Grants Management Suite consists of a Grants module, a Projects module, a Contracts module, a Billing module, and an Accounts Receivable module. The PeopleSoft conversion is being funded jointly by the University and the Research Foundation.

The Other expense category amount of \$816,054 represents payment from our Operating Reserve for non capital expenditures related to the PeopleSoft investment. The effect of this expenditure on Net Income is discussed below in the statements of revenues, expenses and changes in net assets section.

Although considerable internal resources were redirected to the PeopleSoft conversion project, we properly managed our increased expenditure growth and we continued to improve our internal processes.

## STATEMENT OF NET ASSETS

From June 30, 2003 to June 30, 2004, our cash balances increased by \$1.7 million (4%). The statement of cash flows, which is discussed in more detail below, provides additional detail on sources and uses of Research Foundation cash.

Following is a summary of the major components of the net assets of the Research Foundation for the years ended June 30, 2004 and 2003:

	<b>2004</b>	<b>2003</b>
<b>CURRENT ASSETS</b>	\$ 80,317,903	\$ 76,050,230
Non current assets:		
Furniture and equipment	<u>931,029</u>	<u>964,887</u>
Total assets	<u>\$ 81,248,932</u>	<u>\$ 77,015,117</u>
<b>CURRENT LIABILITIES</b>	\$ 75,110,027	\$ 70,390,620
Non current liabilities:		
Accrued vacation and sick leave	<u>223,146</u>	<u>152,266</u>
Total liabilities	<u>75,333,173</u>	<u>70,542,886</u>
Net assets:		
Invested in capital assets	931,029	964,887
Unrestricted	<u>4,984,730</u>	<u>5,507,344</u>
Total net assets	<u>5,915,759</u>	<u>6,472,231</u>
Total liabilities and net assets	<u>\$ 81,248,932</u>	<u>\$ 77,015,117</u>

Accounts receivable and unbilled project costs increased by roughly 7% this year. This increase is consistent with our 11% expenditure growth. The growth in the Accounts Receivable balance is comprised of invoices less than 60 days old. We continue to see process improvements in our billing and collection areas.

The \$713,019 decrease in our Accounts Payable Trade account is a product of continued processing improvements in the Accounts Payable department.

The \$2.2 million increase the Accounts Payable due to the University is due to the large growth in sponsored project payroll expenditures in the last quarter of the fiscal year.

Accrued Payroll increased by \$1.4 million this year. In addition to the payroll accrual, this line item contains payroll amounts due to the University. Last year, we overpaid the University due to a timing change within the PeopleSoft Human Resource system. This overpayment resulted in last year's payable amount being lower than expected.



The significant growth in our sponsored project billable expenses generated a corresponding 8% increase in our Facilities and Administration payable to the University.

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

We experienced another year of significant growth in sponsored project revenue and expenditures. Our sponsored project revenue/expenditures increased by 11% from last year with the largest growth areas being sponsored project personnel expenditures and sponsored project materials and supplies. These two categories accounted for \$11.7 million of the \$11.2 million increase, respectively. The growth in materials and supplies expense produced a significant increase in transaction volume in our Procurement area.

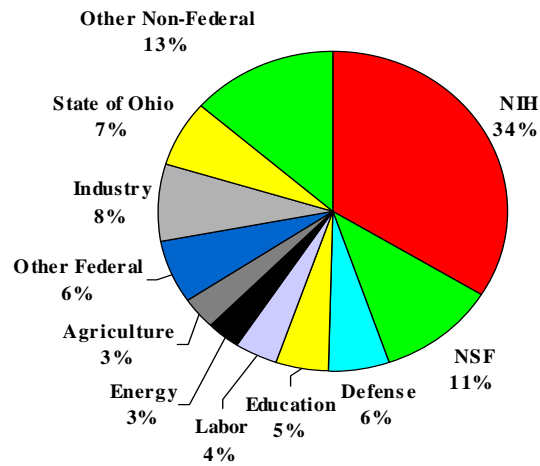
Our interest income decreased by approximately \$123,000 due to lower interest rates on our investment accounts managed by the University.

We recognize Sponsored Project Revenue as Sponsored Project Expenses are incurred. The excerpt below from our statement of revenues, expenses and changes in net assets demonstrates this relationship.

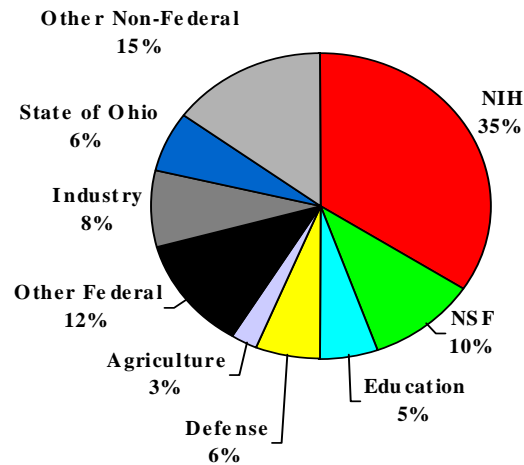
	<b>2004</b>	<b>2003</b>
SPONSOR PROJECT REVENUE	<u>\$ 314,753,335</u>	<u>\$ 283,708,255</u>
EXPENDITURES AND TRANSFERS:		
Sponsored project expenses:		
Personnel	\$ 143,319,889	\$ 131,570,659
Materials and services	86,085,869	74,883,703
Equipment	11,416,169	8,979,284
Travel	6,344,233	5,887,200
F&A charged by the University	<u>67,587,175</u>	<u>62,387,409</u>
TOTAL	<u>\$ 314,753,335</u>	<u>\$ 283,708,255</u>

Sponsored Project Revenue/Expenses in Fiscal Year 2004 increased by \$31 million (11%) from Fiscal Year 2003. Federal sponsors generated the majority of our revenue. Our largest sponsor is the National Institutes of Health (NIH) accounting for 34% of our total sponsored revenue.

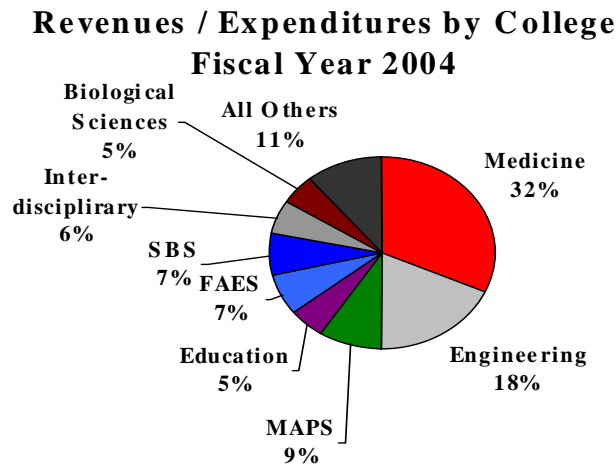
## Revenues / Expenditures by Source Funds Fiscal Year 2004



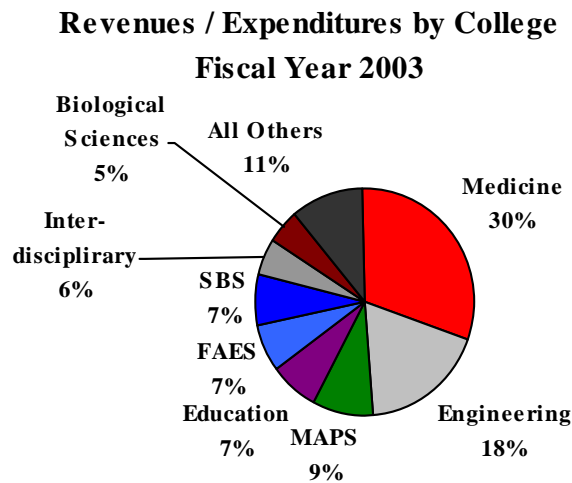
## Revenues / Expenditures by Source Funds Fiscal Year 2003



Twenty-eight colleges generated Sponsored Project Revenue in Fiscal Year 2004. The disciplines of Medicine and Engineering combined to generate 50% of our Sponsored Project Revenue.



Twenty-eight colleges generated Sponsored Project Revenue in fiscal year 2003. The disciplines of Medicine and Engineering combined to generate 48% of our Sponsored Project Revenue.



The University Appropriation line item represents the Research Foundation's fiscal year operating budget. The Research Administration expenditure line represents our annual expenditures against our operating budget. The difference between these two line items is our budget surplus (deficit) for the fiscal year. It is important to note that we did not overspend our cash budget this fiscal year.

Additionally, for financial statement purposes, any non-capital spending from our operating reserve will flow through the income statement as other operating expense and will therefore reduce net income. In 2004, we funded PeopleSoft conversion expense in the amount of \$816,054 and collection salary expense in the amount of \$61,552 from our operating reserve.

The schedule below lists the items that account for this year's financial statement loss.

University Appropriation (Corporate Budget)	\$ 7,345,964
Research Administration (Corporate Expense)	(7,433,628)
Net Loss before Interest and Conversion Expenses	(121,522)
Plus Interest Income	381,104
Net Income before Conversion Expenses	259,582
Less Conversion Expenses funded from	
Operating Reserves (Other Operating Expense)	(816,054)
Net Loss after Conversion Expenses	(556,472)

The Transfers from the University for Specified Expenditures line item represents payments from the University to the Research Foundation for rent and utilities for off campus research space. The Research Foundation pays the rent and utilities for off campus research space and it is included in the Expenditures Specified by the University line item. There is no net impact from these transactions in either our statement of revenues, expenses and changes in net assets or our statement of cash flows.

### **THE STATEMENTS OF CASH FLOWS**

The primary source of cash receipts for operating activities consists of payments from sponsors. Cash outlays represent payments for personnel, materials, services, equipment, and travel incurred for Sponsored Research activities.

It should be noted that our corporate expenditures are carried in Cash Flows from Operating Activities and our corporate operating budget is carried in Net Cash Provided by Noncapital Financing Activities. This will usually result in a large negative cash flow from operations and a large positive cash flow from noncapital financing activities.

The reduction in cash flow due to our Operating loss is explained above. It results from the accounting treatments for both our corporate budget/expense and our PeopleSoft conversion expense.

Net cash provided by investing activities decreased by approximately \$123,000 due to a lower return on our investments.

### **FUTURE**

In August of next year, the Research Foundation will abandon its 40 year-old legacy grants management system. Our legacy system will be replaced by state of the art PeopleSoft products. This investment is necessary to manage our future growth and to provide improved service to our customers. The PeopleSoft conversion project has been operating on time and under budget. We feel confident that we will have a successful conversion.

**THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION**  
**(A Component Unit of The Ohio State University)**

**STATEMENTS OF NET ASSETS**  
**JUNE 30, 2004 AND 2003**

<b>ASSETS</b>	<b>2004</b>	<b>2003</b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$41,304,810	\$39,622,470
Accounts receivable and unbilled project costs	38,753,337	36,186,905
Other receivables	<u>259,756</u>	<u>240,855</u>
Total current assets	80,317,903	76,050,230
<b>FURNITURE AND EQUIPMENT—</b>		
Net of accumulated depreciation of approximately \$130,000 and \$87,000 in 2004 and 2003, respectively	<u>931,029</u>	<u>964,887</u>
<b>TOTAL</b>	<u><b>\$81,248,932</b></u>	<u><b>\$77,015,117</b></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable:		
Trade	\$ 7,409,154	\$ 8,122,173
The Ohio State University	10,654,940	8,422,318
Accrued payroll	2,372,446	999,751
Accrued vacation and sick leave	497,360	539,420
Deferred revenue—sponsors	34,274,982	33,221,344
Facilities and administrative costs payable to University departments	13,869,495	12,523,504
Designated funds for University departments	<u>6,031,650</u>	<u>6,562,110</u>
Total current liabilities	75,110,027	70,390,620
<b>ACCRUED VACATION AND SICK LEAVE—Long-term</b>	<u>223,146</u>	<u>152,266</u>
Total liabilities	<u>75,333,173</u>	<u>70,542,886</u>
<b>NET ASSETS:</b>		
Invested in capital assets	931,029	964,887
Unrestricted	<u>4,984,730</u>	<u>5,507,344</u>
Total net assets	<u>5,915,759</u>	<u>6,472,231</u>
<b>TOTAL</b>	<u><b>\$81,248,932</b></u>	<u><b>\$77,015,117</b></u>

See notes to financial statements.

**THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION**  
**(A Component Unit of The Ohio State University)**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	<b>2004</b>	<b>2003</b>
OPERATING REVENUES—		
Sponsor project revenue	<u>\$ 314,753,335</u>	<u>\$ 283,708,255</u>
Total operating revenues	<u>314,753,335</u>	<u>283,708,255</u>
OPERATING EXPENSES—		
Sponsor project:		
Personnel	143,319,889	131,570,659
Materials and services	86,085,869	74,883,703
Equipment	11,416,169	8,979,284
Travel	6,344,233	5,887,200
Facilities and administrative cost charged by the University	67,587,175	62,387,409
Research administration	7,433,628	6,875,740
Depreciation	33,858	35,969
Other operating expense	<u>816,054</u>	<u>335,165</u>
Total operating expenses	<u>323,036,875</u>	<u>290,955,129</u>
OPERATING LOSS	(8,283,540)	(7,246,874)
NONOPERATING REVENUES:		
University appropriation	7,345,964	6,817,944
Interest	<u>381,104</u>	<u>504,567</u>
(LOSS) INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS	(556,472)	75,637
TRANSFERS FROM THE UNIVERSITY FOR SPECIFIED EXPENDITURES	184,152	558,245
EXPENDITURES SPECIFIED BY THE UNIVERSITY	<u>(184,152)</u>	<u>(558,245)</u>
(DECREASE) INCREASE IN NET ASSETS	(556,472)	75,637
NET ASSETS—Beginning of year	<u>6,472,231</u>	<u>6,396,594</u>
NET ASSETS—End of year	<u>\$ 5,915,759</u>	<u>\$ 6,472,231</u>

See notes to financial statements.

**THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION**  
**(A Component Unit of The Ohio State University)**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	<b>2004</b>	<b>2003</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Received from sponsors	\$ 312,691,180	\$ 286,699,012
Payments to employees	(148,218,117)	(136,529,896)
Payments to suppliers	<u>(170,517,791)</u>	<u>(151,785,958)</u>
Net cash used in operating activities	<u>(6,044,728)</u>	<u>(1,616,842)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
University appropriations	7,345,964	6,817,944
Transfers from the University for specified expenditures	184,152	558,245
Expenditures specified by the University	<u>(184,152)</u>	<u>(558,245)</u>
Net cash provided by noncapital financing activities	<u>7,345,964</u>	<u>6,817,944</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES—</b>		
Purchases of furniture and equipment	<u></u>	<u>(18,917)</u>
Net cash used in capital and related financing activities	<u>-</u>	<u>(18,917)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES—</b>		
Interest on cash investments	<u>381,104</u>	<u>504,567</u>
Net cash provided by investing activities	<u>381,104</u>	<u>504,567</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,682,340</b>	<b>5,686,752</b>
<b>CASH AND CASH EQUIVALENTS—Beginning of year</b>	<u><b>39,622,470</b></u>	<u><b>33,935,718</b></u>
<b>CASH AND CASH EQUIVALENTS—End of year</b>	<u><b>\$ 41,304,810</b></u>	<u><b>\$ 39,622,470</b></u>

(Continued)

**THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION**  
**(A Component Unit of The Ohio State University)**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

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	<b>2004</b>	<b>2003</b>
<b>OPERATING ACTIVITIES:</b>		
Operating loss	\$ (8,283,540)	\$ (7,246,874)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	33,858	35,969
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:		
Accounts receivable and unbilled project costs	(2,566,432)	(1,928,403)
Other receivables	(18,901)	350,616
Accounts payable—trade	(713,019)	(354,165)
Accounts payable—The Ohio State University	2,232,622	(78,650)
Accrued payroll	1,372,695	949,015
Accrued vacation and sick leave	28,820	112,363
Deferred revenue—sponsors	1,053,638	3,822,405
Facilities and administrative costs payable to University departments	1,345,991	1,974,743
Designated funds for University departments	<u>(530,460)</u>	<u>746,139</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b><u>\$ (6,044,728)</u></b>	<b><u>\$ (1,616,842)</u></b>

See notes to financial statements.

(Concluded)



# THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION (A Component Unit of The Ohio State University)

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2004 AND 2003

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### 1. ORGANIZATION

The Ohio State University Research Foundation (the “Research Foundation”), a component unit of The Ohio State University (the “University”), is a nonprofit educational corporation created in 1936 as a vehicle to promote the development, implementation, and coordination of sponsored research at the University in the furtherance of the University’s educational objectives. The Research Foundation’s financial statements and accounts are consolidated with the University’s for purposes of complying with the University’s reporting requirements.

### 2. ACCOUNTING POLICIES

The following is a summary of certain significant accounting policies followed in the preparation of the financial statements:

***Basis of Presentation***—The financial statements of the Research Foundation have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America. In accordance with Government Accounting Standards Board (“GASB”) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Research Foundation follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

***Revenue Recognition***—Substantially all of the Research Foundation’s revenues are derived from restricted grants and cost reimbursement contracts which provide for the recovery of direct and related facilities and administrative costs, subject to audit. The Research Foundation recognizes revenue associated with direct costs as the related costs are incurred. Recovery of related facilities and administrative costs is generally recorded at fixed rates negotiated with the Department of Health and Human Services, the cognizant federal audit agency.

Revenues derived from grants and contracts are reported as operating revenues. Transactions which are capital, finance or investment related are reported as nonoperating revenues. University appropriations and interest earned on cash investments are reported as nonoperating revenues.

***Cash and Cash Equivalents***—Cash and cash equivalents consist of demand deposit accounts and certificates of deposit with original maturities of less than 90 days. The Research Foundation’s cash, except for the Huntington National Bank balance, is in the University account and is commingled with other University related entities and invested daily in overnight investment vehicles, which are considered cash equivalents. However they are not required to be categorized under GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*. Investment income is allocated to the Research Foundation based on their ownership of the funds included in the University’s account.

The portion of the Huntington National Bank balance of approximately \$629,000 and \$2,114,000 for June 30, 2004 and 2003, respectively, which was uninsured by federal deposit insurance as of June 30, 2004 and 2003 was approximately \$529,000 and \$2,014,000, respectively. The uninsured balance is collateralized by pools of securities pledged by the depository bank and are held in the name of the respective bank.

**Receivables**—Receivables are reported at their gross value when earned as the underlying exchange transaction occurs. An estimated receivable has been recorded for services rendered but not yet billed as of June 30, 2004 and 2003. The receivable was arrived at primarily by taking the subsequent payments of expenses related to cost reimbursement contracts invoiced after year-end, and recording at year-end the portions incurred and reimbursable from sponsors as of year-end.

**Furniture and Equipment**—Furniture and equipment are recorded at cost, and the capitalization threshold is \$3,000. Provision is made for depreciation of physical properties at rates calculated to absorb costs generally over the asset's estimated useful life of five years. Depreciation is calculated using the straight-line method. Depreciation expense was \$33,858 and \$35,969 for the years ended June 30, 2004 and 2003, respectively.

Expenditures for maintenance and repairs are charged to operating expenses as incurred; major renewals and betterments are capitalized. When furniture and equipment become fully depreciated, the assets and related accumulated depreciation are removed from the accounts.

	June 30, 2003	Additions	Adjustments	June 30, 2004
Capital assets:				
Furniture and equipment	\$ 1,052,158	\$ -	\$ 9,342	\$ 1,061,500
Less accumulated depreciation	<u>87,271</u>	<u>33,858</u>	<u>9,342</u>	<u>130,471</u>
Net capital assets	<u>\$ 964,887</u>	<u>\$(33,858)</u>	<u>\$ -</u>	<u>\$ 931,029</u>

**In-Kind Income**—The Research Foundation is a component unit of The Ohio State University. As part of the relationship, transfers of funds occur between the University and the Research Foundation for certain sponsor project expenditures and research administration.

**Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

**New Accounting Pronouncements**—The Research Foundation has adopted the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* (“GASB 39”), an amendment of GASB Statement No. 14, *The Financial Reporting Entity*, as of July 1, 2002. The Research Foundation believes that it has properly identified and reported as a component unit of the Ohio State University each organization that meets the criteria established in GASB 39.

### 3. DESIGNATED FUNDS FOR UNIVERSITY DEPARTMENTS

Designated funds for University departments represent unrestricted funds resulting from residual amounts from certain completed projects that are for use at the discretion of University departments and funds payable to the University from royalties held by the Research Foundation.

### 4. TAX-EXEMPT STATUS

The Research Foundation is exempt from federal taxes on income under Section 501(c)(3) of the Internal Revenue Code.

### 5. RETIREMENT PLAN

All eligible University personnel assigned to the Research Foundation are covered by the Public Employees Retirement System (“PERS”). Employees may opt out of PERS and participate in the Alternative Retirement Plan (“ARP”) if they meet certain eligibility requirements.

**Defined Benefit Plans**—PERS offers statewide cost-sharing multiple-employer defined benefit pension plans. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by state statute. PERS issues a separate, publicly available financial report that includes financial statements and required supplemental information. The report may be obtained by contacting PERS. PERS Ohio 277 East Town Street Columbus, OH 43215-4642 (614) 466-2085, (800) 222-PERS (7377) or [www.opers.org](http://www.opers.org).

In addition to the retirement benefits described above, PERS provides postemployment health care benefits.

PERS currently provides postemployment 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. PERS determines the amount, if any, of the associated health care costs that will be absorbed by PERS. Under Ohio Revised Code (“ORC”), funding for medical costs paid from the funds of PERS is included in the employer contribution rate. For the fiscal year ended December 31, 2003, PERS allocated 5.0% of the employer contribution rate to fund the health care program for retirees.

The actuarial value of assets available for these benefits at December 31, 2002 (the date of the system’s latest actuarial review) was \$10.0 billion. There were 364,881 active contributing benefit recipients eligible for postemployment benefits as of December 31, 2003.

In December 2001, PERS adopted the Health Care “Choices” Plan. This plan is available to employees hired after January 1, 2003 who have no prior service credit accumulated towards post retirement health care benefits. This plan will incorporate a cafeteria plan approach in which the benefit recipient chooses coverage options best meeting his or her requirements, and benefits are earned on a graded scale from ten to thirty years (as opposed to the ten year vesting requirement for the existing post retirement health care benefit plan. PERS is now considering extending the “Choices” plan to all active members and benefit recipients, but this decision has not been finalized as of June 30, 2004.

**Defined Contribution Plan**—The ARP is a defined contribution pension plan. Full-time administrative and professional staff and faculty may choose to enroll in ARP in lieu of PERS. Classified civil service employees are not 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. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant’s choice of investment options.

PERS 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**—PERS 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. PERS provides retirement, disability, survivor and postretirement health benefits to qualifying members of the combined plan.

**Funding Policy**—ORC provides PERS statutory authority to set employee and employer contributions. Contributions equal to those required by PERS are required for ARP. For employees enrolling in ARP, ORC requires a portion (which may be revised pursuant to periodic actuarial studies) of the employer contribution be contributed to PERS to enhance the stability of these plans. The required contributions rates (as a percentage of covered payroll) for plan members and the Research Foundation are as follows for 2004, 2003 and 2002:

	<b>Employee Share</b>	<b>Employer Share</b>
July 1, 2001—June 30, 2002	8.5 %	13.31 %
July 1, 2002—June 30, 2003	8.5	13.31
July 1, 2003—June 30, 2004	8.5	13.31

For the years ended June 30, 2004, 2003 and 2002 the Research Foundation reimbursed the University for the following costs for contributions associated with the retirement plans:

<b>Year Ending</b>	<b>Contributions</b>	
	<b>PERS</b>	<b>ARP</b>
2002	\$474,952	\$137,937
2003	526,897	92,335
2004	545,948	96,395

## **6. CONTINGENCIES**

The Research Foundation is a party in various 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 Research Foundation’s financial position.

The Research Foundation, as an associated foundation, is covered under the University’s self-insurance arrangements and commercial insurance policies. The University is self-insured for employee health benefits; and employee life, accidental death, and dismemberment benefits. Additional details regarding these self-insurance arrangements are provided in Note 5 to the University’s financial statements. 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.

\* \* \* \* \*



**Auditor of State  
Betty Montgomery**

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800-282-0370

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**OHIO STATE UNIVERSITY RESEARCH FOUNDATION  
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  
FEBRUARY 15, 2005**