

The Ohio State University

(A Component Unit of the State of Ohio)

Consolidated Financial Statements as of and
for the Years Ended June 30, 2008 and 2007,
and Report on Federal Awards in Accordance with
OMB Circular A-133 for the Year Ended June 30,
2008, and Independent Auditors' Reports



Mary Taylor, CPA
Auditor of State

Board of Trustees
The Ohio State University
2040 Blankenship Hall
901 Woody Hayes Drive
Columbus, Ohio 43210-4016

We have reviewed the *Independent Auditors' Report* of The Ohio State University, Franklin County, prepared by Deloitte & Touche LLP, for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 2, 2009

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THE OHIO STATE UNIVERSITY

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
The Ohio State University
Columbus, Ohio

We have audited the accompanying consolidated statements of net assets of The Ohio State University, a component unit of the State of Ohio (the "University"), as of June 30, 2008 and 2007, and the related consolidated statements of revenues, expenses, and changes in net assets and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these consolidated 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 respective financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 consolidated financial statements present fairly, in all material respects, the financial position of The Ohio State University as of June 30, 2008 and 2007, and their changes in net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 to 14 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the University's management. 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 such information, and we do not express an opinion on it.

Our audit was performed for the purpose of forming an opinion on the University's consolidated financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, on pages 52 to 79, and the notes to the schedule of expenditures of federal awards on pages 80 to 82 are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. These schedules are the responsibility of the management of the University. Such information has been subjected to the auditing procedures applied in our audit of the

consolidated financial statements and, in our opinion, is fairly stated, in all material respects, when considered in relation to the consolidated financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 31, 2008, on our consideration of internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Deloitte + Touche LLP

October 31, 2008

Management's Discussion and Analysis for the Year Ended June 30, 2008

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of The Ohio State University for the year ended June 30, 2008, with comparative information for the years ended June 30, 2007 and June 30, 2006. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

About The Ohio State University

The Ohio State University is the State of Ohio's flagship research institution and one of the largest universities in the United States of America, with over 60,000 students, 5,600 faculty members and 20,000 staff members. Founded in 1870 under the Morrill Land Grant Act, the University – which was originally known as the Ohio Agricultural and Mechanical College – has grown over the years into a comprehensive public institution of higher learning, with 167 undergraduate majors, 132 master's degree programs, 100 doctoral programs and seven professional degree programs. The University operates one of the nation's leading academic medical centers, which includes the OSU Health System. The Health System is comprised of The Ohio State University Hospital, The Arthur G. James Cancer Hospital and Richard J. Solove Research Institute, Richard M. Ross Heart Hospital, University Hospital East, OSU Harding Hospital, and 20 outpatient care centers. The System provided services to over 57,000 inpatients and nearly 925,000 outpatients during fiscal year 2008.

Ohio State is governed by a board of trustees who are responsible for oversight of academic programs, budgets, general administration, and employment of faculty and staff. The University's 17 colleges, two independent schools, the OSU Health System and various academic support units operate largely on a decentralized basis. The Board approves annual budgets for University operations, but these budgets are managed at the college and department level.

The following financial statements reflect all assets, liabilities and net assets (equity) of the University, the OSU Health System, the Ohio Agricultural Research and Development Center and the Ohio Supercomputer Center. In addition, these statements include consolidated financial results for a number of legally separate entities subject to Board control, including:

- the OSU Research Foundation (which administers sponsored research grants and contracts for University)
- the OSU Foundation (a fundraising foundation operating exclusively for the benefit of the University)
- Campus Partners for Community Urban Redevelopment (a non-profit organization participating in the redevelopment of neighborhoods adjacent to the main Columbus campus)
- Transportation Research Center (an automotive research and testing facility in East Liberty, Ohio)
- OSU Managed Health Care Systems (a non-profit organization that administers University health care benefits)
- OSU Physicians, Inc. (the central practice group for physician faculty members of the Colleges of Medicine and Public Health)

The entities listed above meet the “financial accountability” criteria set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. A complete listing of the entities that are included in the University’s financial report is provided in the Basis of Presentation section of the footnotes.

About the Financial Statements

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

The **Statement of Net Assets** is the University’s balance sheet. It reflects the total assets, liabilities and net assets (equity) of the University as of June 30, 2008, with comparative information as of June 30, 2007. 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 University’s land, buildings, improvements, and equipment, are shown net of accumulated depreciation. Net assets are grouped in the following categories:

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

The **Statement of Revenues, Expenses and Other Changes in Net Assets** is the University’s income statement. It details how net assets have increased (or decreased) during the year ended June 30, 2008, with comparative information for Fiscal Year 2007. Tuition revenue is shown net of scholarship allowances, depreciation is provided for capital assets, and there are required subtotals for net operating income (loss) and net income (loss) before capital contributions and additions to permanent endowments.

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

The **Statement of Cash Flows** details how cash has increased (or decreased) during the year ended June 30, 2008, with comparative information for Fiscal Year 2007. It breaks out the sources and uses of University cash into the following categories:

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

Cash flows associated with the University'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 **Notes to the Financial Statements**, which follow the financial statements, provide additional details on the numbers in the financial statements. Behind the notes is a new section that provides supplementary information on the University's Long-Term Investment Pool.

Financial Highlights and Key Trends

The University's financial health remained stable in 2008, with growth in operating revenues and state support offsetting similar increases in operating expenses. Total unrestricted and restricted-expendable net assets increased \$53 million, to \$1.55 billion at June 30, 2008. Total University plant debt declined \$42 million, to \$1.08 billion. A challenging financial environment resulted in a \$142 million net loss on University investments.

Student enrollment trends reflect continued strong demand for an Ohio State education, improvement in freshman retention rates and a significant improvement in graduation rates. 60,347 students were enrolled in Autumn 2007, up slightly from Autumn 2006 total enrollment of 59,091. 92.4% of the freshmen enrolled in Autumn 2006 returned to OSU in Autumn 2007, up from 91.5% in the comparable 2005-2006 period. Over the past five years, four-year graduation rates have increased from 31% to 46%, and six-year graduation rates have increased from 59% to 71%.

The following sections provide additional details on the University's 2008 financial results and a look ahead at significant economic conditions that are expected to affect the University in the future.

Statement of Net Assets

Summary Statement of Net Assets <i>(in thousands)</i>			
	2008	2007	2006
Cash and temporary investments	\$ 902,919	\$ 855,113	\$ 755,036
Current receivables, inventories and prepaid expenses	539,482	483,998	453,420
Total current assets	1,442,401	1,339,111	1,208,456
Noncurrent notes and pledges receivable	70,200	74,380	75,662
Long-term investment pool	2,075,853	2,315,591	1,973,020
Other long-term investments	102,801	88,186	82,425
Capital assets, net of accumulated depreciation	2,924,033	2,825,828	2,695,648
Total noncurrent assets	5,172,887	5,303,985	4,826,755
Total assets	\$ 6,615,288	\$ 6,643,096	\$ 6,035,211
Accounts payable and accrued expenses	\$ 520,806	\$ 470,723	\$ 395,132
Deferred revenues and deposits	184,980	189,129	165,048
Commercial paper and current portion of bonds, notes and lease obligations	516,970	518,825	487,144
Other current liabilities	10,933	11,905	9,761
Total current liabilities	1,233,689	1,190,582	1,057,085
Noncurrent portion of bonds, notes and lease obligations	559,127	599,266	619,083
Other noncurrent liabilities	196,771	186,430	196,830
Total noncurrent liabilities	755,898	785,696	815,913
Total liabilities	\$ 1,989,587	\$ 1,976,278	\$ 1,872,998
Invested in capital assets, net of related debt	\$ 1,847,935	\$ 1,711,274	\$ 1,589,420
Restricted-nonexpendable net assets	1,228,922	1,459,705	1,189,475
Restricted-expendable net assets	530,647	531,162	486,095
Unrestricted net assets	1,018,197	964,677	897,223
Total net assets	\$ 4,625,701	\$ 4,666,818	\$ 4,162,213

Total University **cash and temporary investment** balances increased \$48 million in 2008, primarily due to net cash flows from investing activities. The Statement of Cash Flows, which is discussed in more detail below, provides additional details on sources and uses of University cash. The University holds the bulk of its working capital in the short and intermediate-term investment funds. These funds are invested in a diversified portfolio of money-market instruments as well as short and intermediate-term fixed income securities. The average maturity of the portfolio is typically less than one year.

The market value of the University's **long-term investment pool** decreased \$240 million, to \$2.08 billion at June 30, 2008, primarily due to a combination of realized and unrealized losses, which totaled \$126 million and \$104 million, respectively. The long-term investment pool operates similar to a mutual fund, in that each named fund is assigned a number of shares in the pool. It includes the gifted endowment funds of the University, gifted endowment funds of the OSU Foundation, and operating funds which have been internally designated to function as endowments. The pool is invested in a diversified portfolio of

equities, fixed income, real estate, hedge funds, private equity, venture capital and natural resources that is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support the University's mission.

Other long-term investments are non-unitized investments that relate primarily to gift arrangements between donors and the OSU Foundation. These investments increased \$15 million, to \$103 million at June 30, 2008, primarily due to the transfer of \$23 million of real estate investments from the long-term investment pool.

Capital assets, which include the University's land, buildings, improvements, equipment and library books, grew \$98 million, to \$2.92 billion at June 30, 2008. The University depreciates its capital assets on a straight-line basis, using estimated useful lives ranging from 5 years (for computer equipment) to 100 years (for certain building components such as foundations).

Major projects completed in 2008 include the McCracken Emissions Compliance Project, the Jennings Hall renovation (Botany and Zoology), the Woody Hayes Athletic Center renovation and the Ohio 4-H Center. In addition, several major construction projects are currently underway or in advanced planning stages, including:

- William Oxley Thompson Memorial Library Renovation – Work continues on a \$108 million renovation of the University's main library, which will include an addition to the building, new landscaping of the surrounding area and an expansion of the Library Book Depository. The renovation project is scheduled for completion in Autumn 2009.
- Ohio Union Replacement – A new 300,000 square foot student union is being built on the site of the old Ohio Union. The \$118 million project is scheduled for completion in 2010.
- Student Academic Services Building – Construction is underway on a new \$32.5 million building to house core student services functions in a single location on Lane Avenue. This project also includes construction of a \$28 million parking garage adjacent to the new building with 1,400 parking spaces.
- Medical Center Facilities Plan – The University continues to move forward on a master plan to invest up to \$1.4 billion in construction and capital improvements to the Medical Center between 2008 and 2016. Current plans call for new inpatient Cancer and Critical Care facilities east of Cannon Drive, new Cancer Ambulatory facilities west of Cannon Drive and related parking and infrastructure improvements.

The University's estimated future capital commitments, based on contracts and purchase orders, total approximately \$247 million at June 30, 2008.

Accounts payable and accrued expenses increased \$50 million, to \$521 million at June 30, 2008. The increase relates primarily to increases in payables to vendors for supplies and

services (up \$23 million), medical malpractice liabilities (up \$13 million) and accrued compensation and benefits (up \$8 million).

Total University debt, in the form of **commercial paper, bonds, notes and capital lease obligations**, decreased \$42 million, to \$1.08 billion at June 30, 2008, with principal payments on existing debt offsetting issuance of commercial paper.

The University's plant debt includes variable rate demand bonds that mature at various dates through 2035. Governmental Accounting Standards Board Interpretation 1, *Demand Bonds Issued by State and Local Governmental Entities*, provides guidance on the balance sheet classification of these bonds. Under GASB Interpretation 1, outstanding principal balances on variable rate demand bonds may be classified as noncurrent liabilities if the issuer has entered into a "take-out agreement" to convert bonds "put" but not resold into some other form of long-term obligation. In the absence of such an agreement, the total outstanding principal balances for these bonds are required to be classified as current liabilities.

Although it is the University's intent to repay its variable rate demand bonds in accordance with the maturities set forth in the bond offering circulars, the University does not have "take-out agreements" in place per the GASB Interpretation 1 requirements. Accordingly, the University has classified the total outstanding principal balances on its variable rate demand bonds as current liabilities. These obligations totaled \$392 million and \$404 million at June 30, 2008 and 2007, respectively.

2006-2007 Highlights: *In 2006*, total unrestricted and restricted-expendable net assets increased \$245 million, to \$1.38 billion at June 30, 2006, primarily due to the issuance of long-term bonds (which shifted the negative equity associated with construction activity from unrestricted net assets to capital assets, net of related plant debt). Total University plant debt increased \$229 million, to \$1.11 billion. *In 2007*, total unrestricted and restricted-expendable net assets increased \$113 million, to \$1.50 billion at June 30, 2007. Total University plant debt was stable, increasing \$12 million, to \$1.12 billion.

Statement of Revenues, Expenses and Other Changes in Net Assets

Summary of Revenues, Expenses and Changes in Net Assets <i>(in thousands)</i>			
	2008	2007	2006
Operating Revenues:			
Tuition and fees, net	\$ 616,650	\$ 583,580	\$ 537,386
Grants and contracts	601,742	560,855	547,277
Auxiliary enterprises sales and services, net	192,071	179,855	170,685
OSU Health System sales and services, net	1,460,868	1,354,702	1,222,974
OSU Physicians sales and services, net	256,910	239,852	215,757
Departmental sales and other operating revenues	159,704	142,504	119,243
Total operating revenues	<u>3,287,945</u>	<u>3,061,348</u>	<u>2,813,322</u>
Operating Expenses:			
Educational and general	1,905,786	1,770,232	1,666,785
Auxiliary enterprises	220,682	204,709	189,656
OSU Health System	1,295,850	1,216,897	1,082,662
OSU Physicians	230,403	226,612	182,169
Depreciation	213,594	193,657	191,991
Total operating expenses	<u>3,866,315</u>	<u>3,612,107</u>	<u>3,313,263</u>
Net operating income (loss)	(578,370)	(550,759)	(499,941)
Non-operating revenues (expenses):			
State share of instruction and line-item appropriations	469,162	451,964	443,933
Gifts - current use	78,675	76,541	70,293
Net investment income (loss)	(141,558)	429,584	220,313
Grants, interest expense and other non-operating	<u>(7,725)</u>	<u>(18,804)</u>	<u>(8,043)</u>
Income (loss) before other revenues, expenses gains or losses	(179,816)	388,526	226,555
State capital appropriations	72,837	40,928	90,606
Private capital gifts	6,754	28,725	18,548
Additions to permanent endowments	<u>59,108</u>	<u>46,426</u>	<u>47,423</u>
Increase (decrease) in net assets	(41,117)	504,605	383,132
Net assets - beginning of year	<u>4,666,818</u>	<u>4,162,213</u>	<u>3,779,081</u>
Net assets - end of year	<u>\$ 4,625,701</u>	<u>\$ 4,666,818</u>	<u>\$ 4,162,213</u>

Net tuition and fees increased \$33 million, to \$617 million in 2008. Under the terms of Amended Substitute House Bill 119, the University agreed to freeze undergraduate instructional and general fees for FY2008 and FY2009. Tuition increases for graduate and professional programs ranged from 5% to 10%.

Operating grant and contract revenues increased \$41 million, to \$602 million in 2008, primarily due to increases in departmental (non-research) private grant and contract revenues. Revenues for sponsored research programs administered by the OSU Research Foundation were relatively stable in 2008, with decreases from federal and state sources offsetting increases from private sources. In 2008, the University reclassified certain federal and state grants to non-operating revenue, based on updated guidance from GASB. These revenues totaled \$46 million and \$38 million in 2008 and 2007, respectively.

Educational and general expenses increased 7.7%, to \$1.91 billion in 2008. Additional details are provided below.

Educational and General Expenses <i>(in thousands)</i>			
	2008	2007	2006
Instruction and departmental research	\$ 817,146	\$ 760,923	\$ 705,544
Separately budgeted research	391,987	364,170	368,114
Public service	121,565	116,504	120,266
Academic support	135,720	128,932	120,380
Student services	86,829	78,501	75,962
Institutional support	166,172	143,956	115,320
Operation and maintenance of plant	115,107	106,564	95,465
Scholarships and fellowships	71,260	70,682	65,734
Total	\$ 1,905,786	\$ 1,770,232	\$ 1,666,785

Total **instructional and departmental research** expenses increased \$56 million in 2008, primarily due to a combination of faculty/staff salary and benefit increases and increases in supplies and services expenses. The University's budget process directs the bulk of annual increases in tuition, state share of instruction and facilities and administrative cost recoveries to the colleges, for investment in academic programs. **Separately budgeted research** increased \$28 million, primarily due to increases in consolidated expenses for Prologue Research International, expenditures of research centers administered by the Office of Research, expenditures in the College of Biological Sciences and the effects of elimination entries for capital expenditure activity. Expenditures for sponsored research projects administered by OSURF were relatively stable compared with 2007. **Institutional support** increased \$22 million, primarily due to increased expenditures for the Student Information System project and Development Administration and yearend liability accruals.

Sales and service revenues of the University's **Auxiliary Enterprises** increased \$12 million, to \$192 million in 2008, primarily due to increases in Housing, Food Service and Event Center (HFSEC) revenues. Auxiliary expenses increased \$16 million, reflecting increased expenditures in HFSEC (primarily salaries and wages, food costs and supplies and services) and Athletics (primarily football, women's sports and non-program specific salaries and benefits).

The Ohio State University Health System continued its planned growth during Fiscal Year 2008 with the addition of two floors on the Ross Heart Hospital, expansion of the digestive disease program, development of additional faculty space, and expanding the breadth of outpatient services at the Morehouse Medical Plaza on Kenny Road. The new digestive disease clinical areas opened in July 2007 and the two new floors of the Ross Heart Hospital opened the end of June 2008.

Health System inpatient admissions increased 1.3%, while outpatient volume grew by over 25,000 patients. Consolidated Health System total operating revenues increased \$106 million (7.8%) due to volume increases along with selective rate increases. Expenses for the consolidated Health System (excluding depreciation, interest and interfund transfers) increased \$79 million (6.5%). Salaries and benefits increased 11.0% due to increased patient activity and a competitive labor market. Supplies increased 6.6% due to volume,

medical advances, inflation and more intensive patient care services. The Health System's Excess of Revenue over Expense for 2008 was \$116.9 million. After investing \$69.4 million in research and education, the change in net assets was \$48.4 million.

Looking ahead, the OSU Health System will be challenged by the national trend to meet the increase in demand for health services arising from an aging population and increasing consumer expectations. The Health System expects revenues to increase by 7% with focus on the six signature programs: Cancer, Critical Care, Heart, Imaging, Neuroscience and Transplantation. The Health System will continue to be challenged by the increasing cost for care givers, malpractice costs, supplies, pharmaceuticals and technology.

The Health System continues to invest in the Medical Center's research and teaching initiatives, resulting in the delivery of additional leading edge clinical services while fulfilling its academic mission. In response to the increased demand for services, the Health System continues planning for significant expansion of clinical facilities in the next decade. Despite the challenges and the changing healthcare environment, the Health System expects to improve its financial position during the upcoming year, and will continue to play a key role in supporting the Medical Center and in its status as a leading academic medical center.

Revenues and operating expenses of **OSU Physicians, Inc.**, the University's central practice group for physician faculty members of the Colleges of Medicine and Public Health, continued to grow in 2008. Total operating revenues grew from \$240 million to \$257 million as a result of volume increases as well as increased rates from contract negotiations. Total OSUP expenses (excluding depreciation, interest and interfund transfers) grew from \$227 million to \$230 million.

OSUP is the single member of 17 limited liability companies ("LLCs"). As of June 30, 2008, only 15 of the limited liability companies were active. Two of the LLCs (Anesthesiology and Orthopedics) have been created but had no 2008 activity.

The following table lists the LLCs that were included in OSUP's financial statements as of June 30, 2008 and 2007:

Practice Plan	2008	2007
Family Medicine Foundation, LLC ("FM")	X	X
OSU Anesthesiology, LLC ("Anesthesiology")		
OSU Children's Pediatrics, LLC	X	X
OSU Emergency Medicine, LLC ("EM")	X	X
OSU Eye Physicians and Surgeons, LLC ("Eye")	X	X
OSU GYN and OB Consultants, LLC ("OBGYN")	X	X
OSU Internal Medicine, LLC ("IM")	X	X
OSU Neuroscience Center, LLC ("Neurology")	X	X
OSU Orthopedics, LLC ("Orthopedics")		
OSU Otolaryngology-Head and Neck Surgery, LLC ("Otolaryngology")	X	X
OSU Pathology, LLC ("Pathology")	X	X
OSU Physical Medicine and Rehabilitation ("Phys Med")	X	X
OSU Psychiatry, LLC ("Psychiatry")	X	X
OSU Radiation Medicine, LLC ("Rad Med")	X	X
OSU Radiology, LLC ("Radiology")	X	X
OSU Surgery, LLC ("Surgery")	X	X
OSU Urology, LLC ("Urology")	X	X

Non-endowment gifts to the University (including gifts for current use and gifts to capital projects) decreased \$20 million, to \$85 million in 2008. New gift **additions to permanent endowments** increased \$13 million, to \$59 million. University Development estimates that total gift revenues will increase 7% in 2009.

During 2008, 115,914 donors made gifts to the University, the second highest year on record.

The University's **net investment income** dropped from \$430 million in 2007 to a **net investment loss** of \$142 million in 2008. From the macro-economic perspective, as the credit crisis pummeled the financial system, economic data have become steadily worse, raising fears of recession. Amidst the current market turmoil, the University remains deeply committed to the principle that assets be invested prudently in diversified investments that seek growth as well as income. The net investment loss figure includes \$96 million of interest and dividend income and \$238 million net depreciation in the fair market value of University investments.

2006-2007 Highlights: *In 2006*, total operating revenues increased \$273 million, to \$2.81 billion, primary due to growth in tuition, grant and contract and patient care revenues. A strong equity market, particularly for international equities, and a decrease in bond prices resulted in net investment income of \$220 million. Total operating expenses increased \$294 million, to \$3.31 billion, primarily due to increases in educational and general and OSU Health System expenses. *In 2007*, total operating revenues increased \$248 million, to \$3.06 billion, primarily due to growth in tuition and patient care revenues. Total operating expenses

increased \$299 million, to \$3.61 billion, primarily due to increases in educational and general and OSU Health System expenses. University investments yielded \$430 million of net investment income. Strong returns in the equity markets, led by international equities, accounted for the bulk of the increase.

Statement of Cash Flows

University Cash Flows Summary <i>(in thousands)</i>	2008	2007	2006
Net cash flows from operating activities	\$ (343,577)	\$ (314,186)	\$ (263,955)
Net cash flows from noncapital financing activities	649,100	620,629	606,377
Capital appropriations and gifts for capital projects	75,128	76,837	117,169
Proceeds from issuance of bonds and notes payable	10,038	77,598	493,887
Payments for purchase and construction of capital assets	(311,494)	(311,128)	(424,869)
Principal and interest payments on capital debt	(108,915)	(129,389)	(298,961)
Net cash flows from investing activities	84,949	98,504	(112,809)
Net increase (decrease) in cash	<u>\$ 55,229</u>	<u>\$ 118,865</u>	<u>\$ 116,839</u>

Total University cash and cash equivalents increased \$55 million in 2008. Net cash flows from operating activities declined \$29 million, with increases in payments for wages, benefits and supplies and services more than offsetting increased receipts for tuition, grants and contracts and sales and services. Total cash provided by noncapital financing activities increased \$28 million, reflecting increased receipts for state appropriations and endowment gifts. Although the University issued a small amount of commercial paper in 2008, the lack of a major bond issue, combined with \$311 million of capital expenditures, resulted in a \$49 million increase in total cash used for capital financing activities. Total cash provided by investing activities was \$85 million, reflecting interest and dividend income.

Economic Factors That Will Affect the Future

The Academic Plan, which was adopted in 2000, drives University spending and budgeting priorities. It focuses on six core strategies that are necessary for Ohio State to become a truly great teaching and research university:

- Build a world-class faculty
- Develop academic programs that define Ohio State as the nation's leading land-grant university
- Enhance the quality of the teaching and learning environment
- Enhance and better serve the student body
- Create a diverse University community

-
- Help build Ohio's future

On October 1, 2007, Gordon Gee returned to Ohio State to serve as the University's 14th president. He set out six strategic goals to advance the objectives of the Academic Plan:

- Forge *One* Ohio State University
- Put Students First
- Focus on Faculty Success
- Recast Our Research Agenda
- Commit to Our Communities
- Simplify University Systems and Structures

The University's FY2009 budget process will fund progress towards these goals.

Under the terms of the state budget bill for the 2008-2009 biennium, the State of Ohio committed to an increase in state funding, and the University committed to a freeze in undergraduate tuition. Worsening economic conditions, in both Ohio and the nation, have required the state to implement budget reductions and spending controls. While many state agencies received significant budget reductions, higher education was, for the most part, held harmless. Funding for the state subsidy payments to colleges and universities has been protected, and the tuition freeze for undergraduate students remains in place. Based on what is now known about FY 2009, University management believes that Ohio State will continue to maintain its sound financial position in the year ahead.

Looking ahead to FY 2010 and beyond, University management sees new opportunities and challenges, as the state implements the University System of Ohio (USO) and a new, yet-to-be-determined distribution methodology. The methodology is expected to shift from one that bases funding on credit hours and levels of expense of the courses taught, to one that rewards quality and performance. Performance measures currently under discussion include enrollment goals, degree attainment, quality measures, research measures and efficiency goals. A focus of the USO will be developing unique and individual missions for each institution of higher education in Ohio. Given Ohio State's unique position of being the "flagship" institution for the state and the importance of its economic impact on the state as a whole, management believes that the University will benefit from the changes anticipated as USO is further defined.

We are committed to building upon current efforts to enhance the University's academic reputation, diversify our revenue base, reduce our operating and capital costs, strengthen internal controls and effectively manage our financial risks. By doing so, we feel The Ohio State University will continue to maintain its sound financial position while continuing its progress towards becoming a top-tier public research university.

**THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF NET ASSETS**

**June 30, 2008 and 2007
(in thousands)**

	<u>2008</u>	<u>2007</u>
ASSETS:		
Current Assets:		
Cash and cash equivalents (including bond proceeds restricted for capital expenditures of \$37,110 and \$67,756, respectively)	\$ 386,518	\$ 331,289
Temporary investments	516,401	523,824
Accounts receivable, net	423,768	375,611
Notes receivable - current portion, net	11,350	8,521
Pledges receivable - current portion, net	22,359	15,906
Accrued interest receivable	18,896	16,852
Inventories and prepaid expenses	<u>63,109</u>	<u>67,108</u>
Total Current Assets	<u>1,442,401</u>	<u>1,339,111</u>
Noncurrent Assets:		
Notes receivable, net	60,816	61,043
Pledges receivable, net	9,384	13,337
Long-term investment pool	2,075,853	2,315,591
Other long-term investments	102,801	88,186
Capital assets, net	<u>2,924,033</u>	<u>2,825,828</u>
Total Noncurrent Assets	<u>5,172,887</u>	<u>5,303,985</u>
Total Assets	\$ <u>6,615,288</u>	\$ <u>6,643,096</u>
LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 520,806	\$ 470,723
Deposits and deferred revenues	184,980	189,129
Commercial paper and current portion of bonds, notes and leases payable	516,970	518,825
Compensated absences - current portion	6,922	6,829
Obligations under annuity and life income agreements-current portion	<u>4,011</u>	<u>5,076</u>
Total Current Liabilities	<u>1,233,689</u>	<u>1,190,582</u>
Noncurrent Liabilities:		
Bonds, notes and leases payable	559,127	599,266
Compensated absences	90,117	84,649
Obligations under annuity and life income agreements	44,887	50,327
Refundable advances for Federal Perkins loans	31,086	29,409
Other noncurrent liabilities	<u>30,681</u>	<u>22,045</u>
Total Noncurrent Liabilities	<u>755,898</u>	<u>785,696</u>
Total Liabilities	<u>1,989,587</u>	<u>1,976,278</u>
Net Assets:		
Invested in capital assets, net of related debt	1,847,935	1,711,274
Restricted:		
Nonexpendable	1,228,922	1,459,705
Expendable	530,647	531,162
Unrestricted	<u>1,018,197</u>	<u>964,677</u>
Total Net Assets	<u>4,625,701</u>	<u>4,666,818</u>
Total Liabilities and Net Assets	\$ <u>6,615,288</u>	\$ <u>6,643,096</u>

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

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

**Years Ended June 30, 2008 and 2007
(in thousands)**

	<u>2008</u>	<u>2007</u>
Operating Revenues:		
Student tuition and fees (net of scholarship allowances of \$107,623 and \$100,280, respectively)	\$ 616,650	\$ 583,580
Federal grants and contracts	275,361	282,624
State grants and contracts	57,251	50,932
Local grants and contracts	23,864	23,776
Private grants and contracts	245,266	203,523
Sales and services of educational departments	94,499	93,847
Sales and services of auxiliary enterprises (net of scholarship allowances of \$13,133 and \$12,228, respectively)	192,071	179,855
Sales and services of the OSU Health System (net of charity care of \$152,061 and \$101,543, respectively)	1,460,868	1,354,702
Sales and services of OSU Physicians, Inc., (net of charity care of \$5,268 and \$5,074, respectively)	256,910	239,852
Other operating revenues	65,205	48,657
Total Operating Revenues	<u>3,287,945</u>	<u>3,061,348</u>
Operating Expenses:		
Educational and General:		
Instruction and departmental research	817,146	760,923
Separately budgeted research	391,987	364,170
Public service	121,565	116,504
Academic support	135,720	128,932
Student services	86,829	78,501
Institutional support	166,172	143,956
Operation and maintenance of plant	115,107	106,564
Scholarships and fellowships	71,260	70,682
Auxiliary enterprises	220,682	204,709
OSU Health System	1,295,850	1,216,897
OSU Physicians, Inc.	230,403	226,612
Depreciation	213,594	193,657
Total Operating Expenses	<u>3,866,315</u>	<u>3,612,107</u>
Operating Loss	(578,370)	(550,759)
Non-operating Revenues (Expenses):		
State share of instruction and line-item appropriations	469,162	451,964
Federal non-exchange grants	31,516	28,532
State non-exchange grants	14,385	9,198
Gifts	78,675	76,541
Net investment income (loss)	(141,558)	429,584
Interest expense on plant debt	(42,437)	(47,038)
Other non-operating revenues(expenses)	(11,189)	(9,496)
Net Non-operating Revenue (Expense)	<u>398,554</u>	<u>939,285</u>
Income (Loss) before Other Revenues, Expenses, Gains or Losses	(179,816)	388,526
State capital appropriations	72,837	40,928
Private capital gifts	6,754	28,725
Additions to permanent endowments	<u>59,108</u>	<u>46,426</u>
Increase (Decrease) in Net Assets	(41,117)	504,605
Net Assets - Beginning of Year	<u>4,666,818</u>	<u>4,162,213</u>
Net Assets - End of Year	<u>\$ 4,625,701</u>	<u>\$ 4,666,818</u>

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

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2008 and 2007
(in thousands)

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities:		
Tuition and fee receipts	\$ 504,871	\$ 466,451
Grant and contract receipts	605,653	583,672
Receipts for sales and services	1,964,863	1,831,329
Payments to or on behalf of employees	(1,771,998)	(1,649,820)
University employee benefit payments	(464,400)	(389,203)
Payments to vendors for supplies and services	(1,177,180)	(1,145,101)
Payments to students and fellows	(63,814)	(59,064)
Student loans issued	(11,304)	(16,223)
Student loans collected	8,590	13,070
Student loan interest and fees collected	974	1,197
Other receipts (payments)	60,168	49,506
	<u>(343,577)</u>	<u>(314,186)</u>
Net cash provided (used) by operating activities		
Cash Flows from Noncapital Financing Activities:		
State share of instruction and line-item appropriations	469,162	451,964
Non-exchange grant receipts	45,901	37,730
Gift receipts for current use	76,175	76,656
Additions to permanent endowments	59,108	46,426
Drawdowns of federal direct loan proceeds	308,836	266,492
Disbursements of federal direct loans to students	(307,919)	(266,961)
Repayment of loans to related organization	218	2,518
Amounts received for annuity and life income funds	2,560	10,463
Amounts paid to annuitants and life beneficiaries	(4,545)	(4,533)
Agency funds receipts	5,204	5,004
Agency funds disbursements	(5,600)	(5,130)
	<u>649,100</u>	<u>620,629</u>
Net cash provided (used) by noncapital financing activities		
Cash Flows from Capital Financing Activities:		
Proceeds from capital debt	10,038	77,598
State capital appropriations	68,374	48,112
Gift receipts for capital projects	6,754	28,725
Payments for purchase or construction of capital assets	(311,494)	(311,128)
Principal payments on capital debt and leases	(57,517)	(82,287)
Interest payments on capital debt and leases	(51,398)	(47,102)
	<u>(335,243)</u>	<u>(286,082)</u>
Net cash provided (used) by capital financing activities		
Cash Flows from Investing Activities:		
Net (purchases) sales of temporary investments	2,954	18,788
Proceeds from sales and maturities of long-term investments	2,119,208	1,619,700
Investment income, net of related fees	97,480	97,476
Purchases of long-term investments	(2,134,693)	(1,637,460)
	<u>84,949</u>	<u>98,504</u>
Net cash provided (used) by investing activities		
Net Increase (Decrease) in Cash	55,229	118,865
Cash and Cash Equivalents - Beginning of Year	<u>331,289</u>	<u>212,424</u>
Cash and Cash Equivalents - End of Year	<u>\$ 386,518</u>	<u>\$ 331,289</u>

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF CASH FLOWS, Cont'd

Reconciliation of Net Operating Loss to Net Cash

Provided (Used) by Operating Activities:		
Operating loss	\$ (578,370)	\$ (550,759)
Adjustments to reconcile net operating loss to net cash provided (used) by operating activities:		
Depreciation expense	213,594	193,657
Changes in assets and liabilities:		
Accounts receivable, net	(44,611)	(23,991)
Notes receivable, net	(2,820)	(2,208)
Accrued interest receivable	(525)	(181)
Inventories and prepaid expenses	3,999	(10,716)
Accounts payable and accrued liabilities	52,712	69,638
Deposits and deferred credits	(3,816)	24,171
Compensated absences	5,560	6,425
Refundable advances for federal Perkins loans	1,677	(656)
Other noncurrent liabilities	9,023	(19,566)
	<u> </u>	<u> </u>
Net cash provided (used) by operating activities	\$ <u>(343,577)</u>	\$ <u>(314,186)</u>
Non Cash Transactions:		
Equipment	\$ 5,097	\$ 16,165
Capital Lease	(5,097)	(16,165)

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

Notes to Financial Statements – Years Ended June 30, 2008 and 2007

(dollars in thousands)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Organization

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

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

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

Basis of Presentation

The accompanying financial statements present the accounts of the following entities:

The Ohio State University and its hospitals and clinics;
The Ohio State University Foundation, a not-for-profit fundraising organization operating exclusively for the benefit of The Ohio State University;

Two separate statutory entities for which the University has special responsibility

- Ohio Agricultural Research and Development Center
- Ohio Supercomputer Center

Thirteen legally independent corporations engaged in activities related to the University

- The Ohio State University Research Foundation
- The Ohio State University Student Loan Foundation, Inc.
- Transportation Research Center of Ohio, Inc.
- Campus Partners for Community Urban Redevelopment, Inc.
- Reading Recovery and Early Literacy, Inc.
- Ohio State University Retirees Association
- OSU Managed Health Care Systems, Inc.

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- The Ohio State University Physicians, Inc.
 - UMC Partners (dissolved in November 2007)
 - Prologue Research International, Inc.
 - Oval Limited
 - Adria Kravinsky Foundation
 - Dental Faculty Practice Association, Inc.

Component units (legally separate organizations for which the University is financially accountable) comprise, in part, the University's reporting entity. Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, defines financial accountability. The criteria for determining financial accountability include the following circumstances:

- Appointment of a voting majority of an organization's governing authority and the ability of the primary government (i.e. the University) to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or;
- An organization is fiscally dependent on the primary government

The legally separate organizations listed above meet the financial accountability criteria set forth in GASB Statement No. 14. In addition, these organizations provide services entirely, or almost entirely, to the University or otherwise exclusively, or almost exclusively, benefit the University. Therefore, the transactions and balances for these organizations have been blended with those of the University.

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

Basis of Accounting

The financial statements of the University have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB. The University is reporting as a special purpose government engaged in business type activities (BTA). Business type activities are those that are financed in whole or in part by fees charged to external parties for goods and services. In accordance with BTA reporting, the University presents Management's Discussion and Analysis; a Consolidated Statement of Net Assets; a Consolidated Statement of Revenues, Expenses and Other Changes in Net Assets; a Consolidated Statement of Cash Flows; and Notes to the Financial Statements.

The University follows all GASB pronouncements as well as Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board ("APB") Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989 unless those pronouncements

conflict with or contradict GASB pronouncements. The University has elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

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

- **Invested in capital assets, net of related debt:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. These balances are maintained in the plant funds in the University's detailed accounting records.
- **Restricted - nonexpendable:** Net assets subject to externally-imposed stipulations that they be maintained in perpetuity by the University. These assets primarily consist of the University's permanent endowment funds.
- **Restricted - expendable:** Net assets whose use is subject to externally-imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time. These resources include the current restricted funds, student loan funds, certain plant funds, annuity and life income funds, and restricted funds internally designated to function as endowments (restricted quasi-endowments).
- **Unrestricted:** Net assets that are not subject to externally-imposed stipulations. These resources include educational and general funds, auxiliary funds, hospitals funds, certain plant funds, and unrestricted quasi-endowments. Substantially all unrestricted net assets are internally designated for use by University departments to support working capital needs, to fund related academic or research programs, and to provide for unanticipated shortfalls in revenues and deviations in enrollment.

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

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

Cash and Investments

Cash and cash equivalents consist primarily of petty cash, demand deposit accounts, money market accounts, and savings accounts and include bond proceeds restricted for capital expenditures.

Investments are carried at market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment*

Pools. The fair value of private equity investments is based on estimated current values. The weighted average method is used for purposes of determining gains and losses on the sale of investments. The specific identification method is used for purposes of determining gains and losses on the sale of gifted securities.

The University holds investments in limited partnerships, private equity and other investments, which are carried at estimated fair value provided by the management of these funds. The purpose of this alternative investment class is to increase portfolio diversification and reduce risk due to the low correlation with other asset classes. Methods for determining estimated fair values include discounted cash flows and estimates provided by general partners. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed, and such differences could be material. The amount of gain or loss associated with these investments is reflected in the accompanying financial statements using the equity method of accounting. As of June 30, 2008, the University has made commitments to limited partnerships totaling \$158,158 that have not yet been funded. In the prior fiscal year, the University had made commitments to limited partnerships totaling \$134,268 that had not yet been funded as of June 30, 2007.

Investment in real estate is carried at cost, if purchased, or appraised value at the date of the gift. Holdings in real estate investment trusts (REITs) are carried at estimated fair values. The carrying and market values of real estate at June 30, 2008 are \$122,907 and \$141,308, respectively. The carrying and market values of real estate at June 30, 2007 are \$148,452 and \$170,964, respectively.

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

Endowment Policy

All endowments are invested in the University's Long Term Investment Pool, which consists of more than 4,000 named funds. Each named fund is assigned a number of shares in the Long Term Investment Pool based on the value of the gifts, income-to-principal transfers, or transfers of operating funds to that named fund. For donor restricted endowments, the Uniform Management of Institutional Funds Act, as adopted in Ohio, permits the University's Board of Trustees to appropriate an amount of realized and unrealized endowment appreciation as the Board deems prudent. Net realized and unrealized appreciation, after the spending rule distributions, is retained in the Long Term Investment Pool.

Annual distributions to named funds in the Long Term Investment Pool are computed using the share method of accounting for pooled investments. Annual distributions are based on the average market value per share of the Long Term Investment Pool over the past five years multiplied by a stated rate. For funds established prior to June 30, 2004, the stated rate was 4.5% for fiscal years 2007 and 2008. For funds established after June 30, 2004, the stated rate was 4%. To minimize volatility in the year-to-year distribution amounts, actual distributions are subject to a "collar". The collar limits increases in distributions per share to

3% a year, and it limits decreases to 1% a year. Based on this method, undistributed gains were transferred from the Long Term Investment Pool to current funds. These transfers total \$91,218 and \$89,876 in fiscal years 2008 and 2007, respectively.

Gift Pledges Receivable

The University receives pledges and bequests of financial support from corporations, foundations and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of such promise, revenue is recognized when the gift is received. In accordance with GASB Statement No. 33, endowment pledges are not recorded as assets until the related gift is received. It should be noted that, unlike other receivables, gift pledges are generally not considered to be legally enforceable and may be rescinded at any time by the donors.

Inventories

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

Capital Assets and Collections

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

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

Interest incurred during the construction of capital assets is included in the cost of the asset when capitalized. \$5,145 and \$11,779 of interest was capitalized in the years ended June 30, 2008 and 2007, respectively. The University does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are neither disposed of for financial gain nor encumbered in any way. Accordingly, such collections are not recognized or capitalized for financial statement purposes.

Deferred Revenues

Deferred revenues primarily consist of receipts relating to tuition, room, board, and athletic events received in advance of the services to be provided. Tuition and fees relating to the summer academic quarter are recorded as revenue in the year to which they pertain. The University will recognize revenue to the extent these services are provided over the coming fiscal year.

Operating and Non-Operating Revenues

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

Tuition, Room and Board

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

State Support

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

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

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

Such facilities are reflected as buildings or construction in progress in the accompanying balance sheet. Neither the obligations for the revenue bonds issued by OPFC nor the annual

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

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

Government Grants and Contracts

Government grants and contracts normally provide for the recovery of direct and indirect costs and are subject to audit by the appropriate government agency. Federal funds are subject to an annual OMB Circular A-133 audit. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to three years.

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

Hospital Revenue

Revenue received under third-party cost reimbursement agreements (primarily the federal Medicare and Medicaid programs) are subject to examination and retroactive adjustments by the agencies administering the programs. In the normal course of business, the hospitals contest certain issues resulting from examination of prior years' reimbursement reports. The accompanying financial statements include provisions for estimated retroactive adjustments arising from such examinations and contested issues. The hospitals recognize settlements of protested adjustments or appeals upon resolution of the matters.

OSU Physicians Revenue

Net patient service revenue represents amounts received and the estimated net realizable amounts due from patients and third-party payers for services rendered. OSU Physicians provides care to patients under various reimbursable agreements, including Medicare and Medicaid. These arrangements provide for payment for covered services at agreed-upon rates and under certain fee schedules and various discounts from charges. Provisions have been made in the consolidated financial statements for estimated contractual adjustments, representing the difference between the customary charges for services rendered and related reimbursement.

Management Estimates

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

Newly Issued Accounting Pronouncements

In December 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement explains when pollution remediation-related obligations should be reported and how those obligations' costs and liabilities should be determined. The Statement also requires note disclosures about the liabilities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2007.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement establishes standards for the capitalization, amortization and financial reporting of intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement requires endowments to report their land and other real estate investments at fair value. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2008.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

University management has not yet determined the impact that implementation of GASB Statements 49, 51, 52 and 53 will have on the University's financial statements.

Other

The University is exempt from income taxes as a non-profit organization under Internal Revenue Code §115 and Internal Revenue Service regulations. Any unrelated business income is taxable.

Certain reclassifications have been made to the 2007 comparative information to conform with the 2008 presentation, including \$37,730 of 2007 federal and state grant revenues, which were reclassified from operating to non-operating revenue based on updated guidance from GASB.



NOTE 2 — CASH AND CASH EQUIVALENTS

At June 30, 2008, the carrying amount of the University's cash and cash equivalents for all funds is \$386,518 as compared to bank balances of \$484,107. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$4,605 is covered by federal deposit insurance and \$479,502 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

NOTE 3 — INVESTMENTS

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

Temporary Investments are funds available for current operating expenses and capital projects. Under the University's investment policies, Temporary Investment funds may be invested in the following instruments:

- Obligations of the U. S. Treasury and other federal agencies and instrumentalities
- Municipal and state bonds
- Certificates of deposit
- Repurchase agreements
- Mutual funds and mutual fund pools
- Money market funds

The Long-Term Investment Pool is a unitized investment pool consisting of gifted endowment funds of the University, gifted endowment funds of the OSU Foundation, and operating funds which have been internally designated to function as endowments (referred to below as the Operating Endowment). The Long-Term Investment Pool operates with a long-term investment goal of preserving the purchasing power of the principal in a diversified portfolio. The following table summarizes the University's target asset allocation and associated benchmarks for the Long-Term Investment Pool:

Asset Class	Target	Benchmark
U. S. Equities	20%	Russell 3000
International Equity	20%	ACWI excluding U. S.
Fixed Income	10%	Lehman Aggregate (70%) / Citigroup WBI excluding U.S. (30%)
Absolute Return/Hedge	25%	90 Day T-Bill + 4%
Real Assets	10%	CPI +5%
Private Equity	20%	Venture Economics
Cash	-5%	90 Day T-Bill

Mutual funds held by the University include a wide range of investments, including hedge funds. These hedge funds may include, but are not limited to, investments in equity securities, mutual funds, limited and general partnerships, foreign securities, short sales positions, distressed securities, fixed income securities, options, currencies, commodities, futures and derivatives. The University's objective for investing in these hedge funds is to provide stable, absolute returns that are uncorrelated to fluctuations in the stock and bond markets.

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

U. S. Government and Agency securities are invested through trust agreements with banks who keep the securities in their safekeeping accounts at the Federal Reserve Bank in "book entry" form. The banks internally designate the securities as owned by or pledged to the University. Common stocks, corporate bonds, money market instruments, mutual funds and other investments are invested through trust agreements with banks who keep the investments in their safekeeping accounts at the Depository Trust Company, JPMorgan Chase or State Street in "book entry" form. The banks internally designate the securities as owned by or pledged to the University.

Total University investments by major category at June 30, 2008 and 2007 are as follows:

	2008	2007
Temporary Investments	\$ 516,401	\$ 523,824
Long-Term Investment Pool:		
Gifted Endowment - University	1,009,335	1,122,550
Gifted Endowment – OSU Foundation	442,853	438,362
Operating Endowment:		
Operating Funds Long-Term Component	598,000	592,242
President's Strategic Initiative Fund	21,011	159,170
Maintenance and Renewal Fund	4,654	3,267
Total Long-Term Investment Pool	2,075,853	2,315,591
Other Long-Term Investments	102,801	88,186
Total Investments	\$ 2,695,055	\$ 2,927,601

Total University investments by investment type at June 30, 2008 are as follows:

	Temporary Investments	Long-Term Investment Pool	Other Long-Term Investments	Total
Common stock	\$ 1	\$ 361,014	\$ 334	\$ 361,349
Equity mutual funds	48,505	767,944	25,962	842,411
U. S. government obligations	29,774	21,810	4,929	56,513
U. S. government agency obligations	141,322	37,520	-	178,842
Repurchase agreements	118,359	-	-	118,359
Corporate bonds and notes	38,242	25,596	274	64,112
Bond mutual funds	128,012	110,362	24,633	263,007
International bonds	7	-	-	7
Real estate	146	98,445	24,316	122,907
Partnerships and hedge funds	-	603,742	-	603,742
Cash and cash equivalents	-	49,420	-	49,420
Other	12,033	-	22,353	34,386
Total	\$ 516,401	\$ 2,075,853	\$ 102,801	\$ 2,695,055

Total University investments by investment type at June 30, 2007 are as follows:

	Temporary Investments	Long-Term Investment Pool	Other Long-Term Investments	Total
Common stock	\$ 42	\$ 761,068	\$ 287	\$ 761,397
Equity mutual funds	49,102	694,262	37,360	780,724
U. S. government obligations	18,501	40,424	4,196	63,121
U. S. government agency obligations	39,968	57,313	-	97,281
Repurchase agreements	155,245	-	-	155,245
Corporate bonds and notes	16,458	86,620	267	103,345
Bond mutual funds	230,470	96,477	22,593	349,540
International bonds	16	17,123	-	17,139
Real estate	5	147,343	1,104	148,452
Partnerships and hedge funds	-	353,358	-	353,358
Cash and cash equivalents	-	61,603	-	61,603
Other	14,017	-	22,379	36,396
Total	\$ 523,824	\$ 2,315,591	\$ 88,186	\$ 2,927,601

Net appreciation in the fair value of investments includes both realized and unrealized gains and losses on investments. During the year ended June 30, 2008, the University realized a net loss of \$126,301 from the sale of investments. The calculation of realized gains and losses is independent of the net appreciation in the fair value of investments held at year-end. Realized gains and losses on investments that had been held for more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year and the current year. The net depreciation in the fair value of investments during the year ended June 30, 2008, was \$237,556. This amount includes all changes in fair value, both realized and unrealized, that occurred during the year. The unrealized depreciation during the year on investments was \$111,255.

The components of the net investment income (loss) are as follows:

	Interest and Dividends (net)	Net Appreciation (Depreciation) in Market Value of Investments	Net Investment Income (Loss)
Temporary Investments	\$ 27,763	\$ (4,468)	\$23,295
Long-Term Investment Pool	61,423	(229,848)	(168,425)
Other Long-Term Investments	6,812	(3,240)	3,572
Total 2008	\$ 95,998	\$ (237,556)	\$ (141,558)
Total 2007	\$ 99,012	\$ 330,572	\$ 429,584

Additional Risk Disclosures for Investments

Statement Nos. 3 and 40 of the Governmental Accounting Standards Board require certain additional disclosures related to the interest-rate, credit and foreign currency risks associated with deposits and investments.

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

The maturities of the University's interest-bearing investments at June 30, 2008 are as follows:

	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U. S. government obligations	\$ 56,513	\$ 2,326	\$ 35,790	\$ 15,451	\$ 2,946
U. S. agency obligations	178,842	14,675	91,544	35,447	37,176
Repurchase agreements	118,359	118,359	-	-	-
Corporate bonds	64,112	2,995	41,255	11,886	7,976
Bond mutual funds	263,007	48,429	112,994	73,162	28,422
International bonds	7	-	7	-	-
Total	\$ 680,840	\$ 186,784	\$ 281,590	\$ 135,946	\$ 76,520

The maturities of the University's interest-bearing investments at June 30, 2007 are as follows:

	Fair Value	Investment Maturities (in years)			
		Less than 1	17 to 5	6 to 10	More than 10
U. S. government obligations	\$ 63,121	\$ 2,266	\$ 17,671	\$ 33,626	\$ 9,558
U. S. agency obligations	97,281	12,253	39,685	12,122	33,221
Repurchase agreements	155,245	155,245	-	-	-
Corporate bonds	103,345	6,635	32,163	37,160	27,387
Bond mutual funds	349,540	105,879	152,736	68,139	22,786
International bonds	17,139	-	2,941	3,105	11,093
Total	\$ 785,671	\$ 282,278	\$ 245,196	\$ 154,152	\$ 104,045

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

The credit ratings of the University's interest-bearing investments at June 30, 2008 are as follows:

Credit Rating (S&P)	Total	U. S.				
		Government and Agency Obligations	Repurchase Agreements	Corporate Bonds	Bond Mutual Funds	International Bonds
AAA	\$ 575,822	\$ 234,942	\$ 118,359	\$ 21,233	\$ 201,288	-
AA	38,356	-	-	10,110	28,246	-
A	43,035	-	-	21,036	21,999	-
BBB	16,448	-	-	6,748	9,700	-
BB	729	-	-	699	30	-
B	2,431	-	-	2,431	-	-
CCC	569	-	-	569	-	-
CC	81	-	-	81	-	-
C	-	-	-	-	-	-
Not Rated	3,369	413	-	1,205	1,744	\$ 7
Total	\$ 680,840	\$ 235,355	\$ 118,359	\$ 64,112	\$ 263,007	\$ 7

The credit ratings of the University's interest-bearing investments at June 30, 2007 are as follows:

Credit Rating (Moody's)	U. S.					
	Total	Government and Agency Obligations	Repurchase Agreements	Corporate Bonds	Bond Mutual Funds	International Bonds
Aaa	\$ 555,115	\$ 159,323	\$ 155,245	\$ 19,361	\$ 221,186	-
Aa	38,272	710	-	9,246	28,096	\$ 220
A	71,340	-	-	19,031	52,309	-
Baa	25,909	-	-	16,740	8,076	1,093
Ba	26,719	-	-	4,770	14,505	7,444
B	39,536	-	-	19,605	18,966	965
Caa	12,782	-	-	7,210	5,572	-
Ca	-	-	-	-	-	-
C	-	-	-	-	-	-
Not Rated	15,998	369	-	7,382	830	7,417
Total	\$ 785,671	\$ 160,402	\$ 155,245	\$ 103,345	\$ 349,540	\$ 17,139

Foreign currency risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit.

At June 30, 2008, the University's exposure to foreign currency risk is as follows:

Currency	Common Stock	Equity Mutual Funds	Bond Mutual Funds	Corporate Bonds	International Bonds
Argentine peso	-	\$ 425	-	-	-
Australian dollar	\$ 4,346	19,695	\$ 133	-	-
Brazilian real	6,610	10,349	-	-	-
Canadian dollar	9,059	29,081	670	-	-
Chilean peso	-	764	-	-	-
Chinese yuan	-	8,333	-	-	-
Czech Republic koruna	-	545	-	-	-
Danish krone	1,590	3,139	471	-	-
Egyptian pound	-	512	-	-	-
Euro	62,775	149,080	15,495	-	-
Great Britain pound sterling	26,363	16,484	2,177	-	-
Hong Kong dollar	10,190	6,477	-	-	-
Hungarian forint	461	522	-	-	-
Indian rupee	-	3,414	-	-	-
Indonesian rupiah	980	970	-	-	-
Israeli shekel	179	1,518	-	-	-
Japanese yen	38,687	62,445	10,741	-	-
Jordanian dinar	-	59	-	-	-
Malaysian ringgit	1,199	1,377	-	-	-
Mexican peso	2,899	2,997	-	-	-
Moroccan dirham	-	207	-	-	-
New Taiwan dollar	5,330	6,463	-	-	-
New Zealand dollar	291	448	-	-	-
Norwegian kroner	6,674	3,331	75	-	-
Peruvian nuevo sol	-	453	-	-	-
Phillippine peso	-	188	-	-	-
Polish zloty	377	976	-	-	-
Russian ruble	-	6,735	-	-	-
Singapore dollar	1,717	3,384	-	-	-
South African rand	7,030	3,934	-	-	-
South Korean won	11,259	7,582	-	-	-
Swedish krona	3,842	6,293	188	-	-
Swiss franc	5,439	20,463	179	-	-
Thailand bhat	2,345	822	-	-	-
Turkish lira	396	763	-	-	-
Other currencies	-	91	-	-	-
Total	\$ 210,038	\$ 380,319	\$ 30,129	\$ -	\$ -

At June 30, 2007, the University's exposure to foreign currency risk is as follows:

Currency	Common Stock	Equity Mutual Funds	Bond Mutual Funds	Corporate Bonds	International Bonds
Argentine peso	-	\$ 19,012	-	-	\$ 1,914
Australian dollar	\$ 4,336	4,790	\$ 2,643	-	-
Brazilian real	4,694	9,118	992	-	-
Canadian dollar	7,883	28,629	1,669	-	-
Chinese yuan	-	8,088	-	-	-
Danish krone	468	935	294	-	-
Egyptian pound	326	773	-	-	-
Euro	57,250	134,297	13,646	-	-
Great Britain pound sterling	25,653	81,853	1,956	-	-
Hong Kong dollar	8,040	5,700	-	-	-
Hungarian forint	-	1,289	-	-	-
Indian rupee	-	1,529	-	-	-
Indonesian rupiah	993	1,819	652	-	-
Israeli shekel	542	523	-	-	-
Japanese yen	36,012	78,360	12,704	-	-
Malaysian ringgit	4,508	972	996	-	-
Mexican peso	1,088	4,805	942	\$ 392	489
New Taiwan dollar	3,567	5,720	-	-	-
New Zealand dollar	152	849	850	-	-
Norwegian kroner	7,596	5,685	-	-	-
Peruvian nuevo sol	-	1,059	-	-	-
Phillippine peso	597	1,019	-	-	-
Polish zloty	440	1,163	1,577	-	-
Russian ruble	-	5,665	-	-	-
Singapore dollar	2,272	2,954	1,462	-	-
South African rand	8,357	4,915	1,024	-	-
South Korean won	9,152	8,220	-	-	-
Swedish krona	4,101	11,432	610	-	-
Swiss franc	4,112	23,433	202	-	-
Thailand bhat	1,307	1,127	-	-	-
Turkish lira	-	1,831	-	-	970
Other currencies	-	1,041	4	-	197
Total	\$ 193,446	\$ 458,605	\$ 42,223	\$ 392	\$ 3,570

NOTE 4 — ACCOUNTS, NOTES AND PLEDGES RECEIVABLE

Accounts receivable at June 30, 2008 and 2007 consist of the following:

	2008	2007
Patient receivables – OSU Health System	\$698,479	\$631,962
Patient receivables – OSU Physicians, Inc.	83,909	69,375
Grant and contract receivables	79,491	77,594
Tuition and fees receivable	38,360	33,627
Receivables for departmental and auxiliary sales and services	69,992	57,756
State and federal receivables	6,638	3,092
	976,869	873,406
Less: Allowances for doubtful accounts	553,101	497,795
	<u>\$423,768</u>	<u>\$375,611</u>

Notes receivable consist primarily of Perkins Loans and are net of an allowance for doubtful accounts of \$16,700 at June 30, 2008 and \$15,650 at June 30, 2007. Federal capital contributions to the Perkins loan programs represent advances which are ultimately refundable to the federal government.

In accordance with GASB Statement No. 33, *Accounting and Reporting for Non-exchange Transactions*, the University has recorded \$42,076 in non-endowment pledges receivable at June 30, 2008 and a related allowance for doubtful accounts of \$10,333. The University recorded \$41,583 in non-endowment pledges receivable and a related allowance for doubtful accounts of \$12,340 at June 30, 2007.

NOTE 5 — CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2008 is summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Land	\$ 52,053	\$ 3,650	\$ 6,826	\$ 48,877
Improvements other than buildings	257,017	18,863	6,078	269,802
Buildings and fixed equipment	3,247,839	204,841	4,258	3,448,422
Movable equipment and furniture	820,968	90,933	66,616	845,285
Library books	163,767	3,666	2,890	164,543
Construction in progress	281,575	12,054	-	293,629
	4,823,219	334,007	86,668	5,070,558
Less: Accumulated depreciation	1,997,391	213,594	64,460	2,146,525
Capital assets, net	<u>\$ 2,825,828</u>	<u>\$ 120,413</u>	<u>\$ 22,208</u>	<u>\$ 2,924,033</u>

Capital assets activity for the year ended June 30, 2007 is summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Land	\$ 52,543	\$ 211	\$ 701	\$ 52,053
Improvements other than buildings	241,209	15,808	-	257,017
Buildings and fixed equipment	2,877,674	391,445	21,280	3,247,839
Movable equipment and furniture	806,761	81,517	67,310	820,968
Library books	162,924	3,472	2,629	163,767
Construction in progress	433,357	(151,782)	-	281,575
	4,574,468	340,671	91,920	4,823,219
Less: Accumulated depreciation	1,878,820	193,657	75,086	1,997,391
Capital assets, net	\$ 2,695,648	\$ 147,014	\$ 16,834	\$ 2,825,828

In the above tables, additions to construction in progress represent expenditures for new projects, net of the amount of capital assets placed in service.

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2008 and 2007 consist of the following:

	2008	2007
Payables to vendors for supplies and services	\$ 173,404	\$ 150,603
Accrued compensation and benefits	113,256	105,047
Retirement system contributions payable	58,742	63,503
Self-insurance accruals:		
Medical malpractice	116,776	103,447
Employee health insurance	22,318	17,216
Current portion of amounts due to third-party payers – OSU Health System	15,499	16,987
Other accrued expenses	20,811	13,920
	\$ 520,806	\$ 470,723

Self-Insurance Programs

The Hospitals have established trusted self-insurance funds for professional medical malpractice liability claims with a \$4 million limit per occurrence with no annual aggregate. The University self-insurance funds have insurance in excess of \$4 million per occurrence through Oval Limited, a blended component unit of the University. Oval Limited provides coverage with limits of \$40 million per occurrence and in the aggregate (prior to June 30, 2005 - \$25 million per occurrence and in the aggregate; prior to June 30, 2002 - \$15 million per occurrence and in the aggregate; prior to June 30, 1997 - \$10 million per occurrence and in the aggregate). The limits are in excess of underlying policies with limits ranging from \$4 million to \$10 million. A portion of the risks written by Oval Limited to date is reinsured by two reinsurance companies. Oval Limited retains 50% of the first \$15 million of risk and cedes

the remainder plus the second \$15 million to AIG (rated A by A.M. Best). Above that, Oval Limited cedes the remaining \$10 million of risk to Endurance Specialty Insurance (rated A by A.M. Best). The estimated liability and the related contributions to the fund are based upon an independent actuarial determination as of June 30, 2008. OSU Physicians, Inc. participates in the University self-insurance fund for professional medical malpractice liability claims. OSU Physicians premiums incurred and paid to the University were \$9,474 and \$10,252 during the years ended June 30, 2008 and 2007, respectively.

The Hospitals' estimate of professional malpractice liability includes provisions for known claims and actuarially determined estimates of incurred but not reported claims and incidents. This liability at June 30, 2008 of the anticipated future payments on gross claims is estimated at its present value of \$76,239 discounted at an estimated rate of 5.0% (University funds) and an additional \$40,537 discounted at an estimated rate of 3.0% (Oval Limited).

Although actual experience upon the ultimate disposition of the claims may vary from this estimate, the self-insurance fund assets of \$151,527 are more than the recorded liability at June 30, 2008, and the surplus of \$34,751 is included in unrestricted net assets.

The University is also self-insured for employee health insurance. As of June 30, 2008, \$18,508 is recorded as a liability relating to both claims received but not paid and estimates of claims incurred but not yet reported.

Changes in the reported liabilities since June 30, 2006 result from the following activities:

	Malpractice		Health	
	2008	2007	2008	2007
Liability at beginning of fiscal year	\$ 103,447	\$ 92,387	\$17,216	\$17,359
Current year claims, changes in estimates	14,087	19,390	186,102	152,562
Claim payments	(758)	(8,330)	(181,000)	(152,705)
Balance at fiscal year end	<u>\$116,776</u>	<u>\$103,447</u>	<u>\$22,318</u>	<u>\$17,216</u>

NOTE 7 — DEBT

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

Debt activity for the year ended June 30, 2008 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Commercial Paper:					
Series H	\$72,600	\$8,300	-	\$80,900	\$80,900
Notes:					
Transportation Research Center - Capital One Funding Corporation, due through 2014	1,906	-	\$219	1,687	234
OSU Physicians - Fifth Third Note, due through 2008	7,861	-	2,500	5,361	2,372
Campus Partners - ESIC	12,000	-	367	11,633	400
Campus Partners - UDCDE Note A	23,014	2	200	22,816	164
Campus Partners - UDCDE Note B	10,376	-	-	10,376	-
Campus Partners - Mortgage Payable	-	445	9	436	12
Campus Partners - CCF Loan, City of Columbus	-	125	-	125	-
UMC Partners - Notes Payable	4,286	-	4,286	-	-
Adria Kravinsky Foundation - Notes Payable	4,324	-	1,784	2,540	201
Clifton Holding LLC	-	1,554	-	1,554	1,554
General Receipts Bonds - Fixed Rate:					
1999A, due serially through 2029	8,350	-	2,650	5,700	2,780
2002A, due serially through 2031	120,205	-	6,980	113,225	7,370
2003B, due serially through 2033	164,025	-	7,220	156,805	7,595
2005A, due serially through 2035	255,110	-	12,570	242,540	13,170
General Receipts Bonds - Variable Rate:					
1997, due serially through 2027	35,340	-	4,480	30,860	30,860
1999B1, due serially through 2029	52,600	-	3,700	48,900	48,900
2001, due serially through 2032	76,950	-	-	76,950	76,950
2003C, due serially through 2031	109,545	-	3,930	105,615	105,615
2005B, due serially through 2035	129,990	-	-	129,990	129,990
Capital Lease Obligations	29,609	5,097	6,622	28,084	7,903
	\$1,118,091	\$15,523	\$57,517	\$1,076,097	\$516,970

Debt activity for the year ended June 30, 2007 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Commercial Paper:					
Series G	\$29,000	-	\$29,000	-	-
Series H	-	\$72,600	-	\$72,600	\$72,600
Notes:					
Transportation Research Center - Capital One Funding Corporation, due through 2014	2,027	-	121	1,906	219
OSU Physicians - Fifth Third Note, due through 2008	5,696	3,201	1,036	7,861	1,012
Campus Partners - ESIC	12,000	-	-	12,000	400
Campus Partners - UDCDE Note A	23,077	-	63	23,014	200
Campus Partners - UDCDE Note B	10,376	-	-	10,376	-
UMC Partners - Notes Payable	2,100	2,186	-	4,286	4,286
Adria Kravinsky Foundation - Notes Payable	4,599	-	275	4,324	275
General Receipts Bonds - Fixed Rate:					
1999A, due serially through 2029	10,885	-	2,535	8,350	2,650
2002A, due serially through 2031	126,885	-	6,680	120,205	6,980
2003B, due serially through 2033	171,090	-	7,065	164,025	7,220
2005A, due serially through 2035	267,125	-	12,015	255,110	12,570
General Receipts Bonds - Variable Rate:					
1997, due serially through 2027	39,540	-	4,200	35,340	35,340
1999B1, due serially through 2029	56,300	-	3,700	52,600	52,600
1999B2, due 2006	4,300	-	4,300	-	-
2001, due serially through 2032	76,950	-	-	76,950	76,950
2003C, due serially through 2031	113,355	-	3,810	109,545	109,545
2005B, due serially through 2035	129,990	-	-	129,990	129,990
Capital Lease Obligations	20,932	16,164	7,487	29,609	5,988
	\$1,106,227	\$94,151	\$82,287	\$1,118,091	\$518,825

Debt obligations are generally callable by the University, bear interest at fixed and variable rates ranging from 0% to 6% and mature at various dates through 2036. Maturities and interest on debt obligations for the next five years and in five-year periods are as follows:

	Commercial Paper, Bonds and Notes Payable		Capital Leases and Certificates of Participation	
	Principal	Interest	Principal	Interest
2009	\$ 509,068	\$31,847	\$ 7,903	\$ 923
2010	33,602	25,134	6,334	701
2011	44,296	23,722	4,300	512
2012	36,320	22,129	3,241	360
2013	45,788	19,123	2,764	233
2014-2018	127,355	75,980	3,542	351
2019-2023	122,953	46,087	-	-
2024-2028	70,211	21,352	-	-
2029-2033	47,640	6,358	-	-
2034-2037	10,780	140	-	-
	<u>\$ 1,048,013</u>	<u>\$ 271,872</u>	<u>\$ 28,084</u>	<u>\$ 3,080</u>

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

The outstanding bond indentures do not require mandatory reserves for future payment of principal and interest. However, the University has set aside \$63,199 for future debt service which is included in unrestricted net assets.

Variable Rate Demand Bonds

Series 1997, 1999B1, 1999B2, 2001, 2003C and 2005B variable rate demand bonds bear interest at rates based upon yield evaluations at par of comparable securities. The maximum interest rate allowable and the effective average interest rate from issue date to June 30, 2008 are as follows:

Series:	Interest Rate Not to Exceed	Effective Average Interest Rate
1997	12%	2.523%
1999 B1	12%	2.341%
2001	12%	2.160%
2003 C	12%	2.436%
2005 B	12%	3.114%

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

The University's variable rate demand bonds mature at various dates through 2035. GASB Interpretation No. 1, *Demand Bonds Issued by State and Local Governmental Entities*,

provides guidance on the balance sheet classification of these bonds. Under GASB Interpretation No. 1, outstanding principal balances on variable rate demand bonds may be classified as non-current liabilities if the issuer has entered into a "take-out agreement" to convert bonds "put" but not resold into some other form of long-term obligation. In the absence of such an agreement, the total outstanding principal balances for these bonds are required to be classified as current liabilities.

Although it is the University's intent to repay its variable rate demand bonds in accordance with the maturities set forth in the bond offering circulars, the University does not have "take-out agreements" in place per the GASB Interpretation No. 1 requirements. Accordingly, the University has classified the total outstanding principal balances on its variable rate demand bonds as current liabilities. The obligations totaled \$392,315 and \$404,425 at June 30, 2008 and 2007, respectively.

Commercial Paper

The General Receipts Commercial Paper Notes (the "Notes") are limited obligations of the University secured by a pledge of the General Receipts of the University. The Notes are not debts or bonded indebtedness of the State of Ohio and are not general obligations of the State of Ohio or the University, and neither the full faith and credit of the State of Ohio nor the University are pledged to the payment of the Notes. The Notes have been issued to provide for interim financing of various projects approved by the Board of Trustees. It is the University's intention to roll each maturity into new Notes as they mature and to issue additional Notes as project expenditures are incurred. It is the University's intention ultimately to roll the Notes into permanent tax exempt bonds.

Capital Lease Obligations

Some University equipment items and vehicles are financed as capital leases. The original cost and lease obligations related to these capital leases as of June 30, 2008 are \$53,042 and \$28,084 respectively. The original cost and lease obligations related to these capital leases as of June 30, 2007 are \$63,363 and \$29,609 respectively.

NOTE 8 — OPERATING LEASES

The University leases various buildings, office space, and equipment under operating lease agreements. These facilities and equipment are not recorded as assets on the balance sheet. The total rental expense under these agreements was \$29,349 and \$25,279 for the years ended June 30, 2008 and 2007, respectively.

Future minimum payments for all significant operating leases with initial or remaining terms in excess of one year as of June 30, 2008 are as follows:

Year Ending June 30,	
2009	18,622
2010	12,775
2011	9,507
2012	7,039
2013	11,388
2014-2018	32,207
2019-2023	6,766
2024-2028	1,094
2029-2033	12
2034-2038	12
2039-2043	12
2044-2048	11
Total minimum lease payments	<u>\$ 99,445</u>

NOTE 9 — COMPENSATED ABSENCES

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

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

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

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

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

NOTE 10 — NONCURRENT LIABILITIES

Non-current liability activity for the year ended June 30, 2008 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated absences	\$ 91,478	\$ 12,483	\$ 6,922	\$ 97,039
Obligations under annuity and life income agreements	55,403	2,560	9,065	48,898
Refundable advances for Federal Perkins loans	29,409	1,677	-	31,086
Other non-current liabilities	22,045	8,636	-	30,681
	198,335	\$ 25,356	\$ 15,987	207,704
Less: Current portion	11,905			10,933
	<u>\$ 186,430</u>			<u>\$ 196,771</u>

Non-current liability activity for the year ended June 30, 2007 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated absences	\$ 85,054	\$ 13,253	\$ 6,829	\$ 91,478
Obligations under annuity and life income agreements	49,473	10,463	4,533	55,403
Refundable advances for Federal Perkins loans	30,065	-	656	29,409
Other non-current liabilities	41,999	-	19,954	22,045
	206,591	\$ 23,716	\$ 31,972	198,335
Less: Current portion	9,761			11,905
	<u>\$ 196,830</u>			<u>\$ 186,430</u>

Other non-current liabilities at June 30, 2008 and 2007 consist of the following:

	2008	2007
Amounts due to third-party payers - OSU Health System	\$ 17,429	\$ 8,406
Bond premium	13,252	13,639
	<u>\$30,681</u>	<u>\$22,045</u>

NOTE 11 — UNRESTRICTED AND RESTRICTED-EXPENDABLE NET ASSETS

Substantially all unrestricted net assets are internally designated for use by University departments to support working capital needs, to fund related academic or research programs, and to provide for unanticipated shortfalls in revenues and deviations in enrollment. Major components of unrestricted net assets at June 30, 2008 and 2007 are as follows:

	2008	2007
Educational and general	\$ 613,633	\$ 587,895
Auxiliary enterprises	5,056	5,826
OSU Health System	331,488	249,437
Loan funds	-	3,011
Unrestricted quasi-endowments	54,023	56,699
Plant	13,997	61,809
	\$ 1,018,197	\$ 964,677

Restricted expendable net assets are subject to various purpose or time-based restrictions set forth by donors or granting agencies. Major components of restricted-expendable net assets at June 30, 2008 and 2007 are as follows:

	2008	2007
Current operations	\$ 309,652	\$ 309,777
Loan funds	44,214	42,076
Restricted quasi-endowments	170,810	179,309
Plant	5,971	-
	\$ 530,647	\$ 531,162

NOTE 12 – OPERATING EXPENSES BY OBJECT

In accordance with requirements set forth by the Ohio Board of Regents, the University reports operating expenses by functional classification on the Statement of Revenues, Expenses and Other Changes in Net Assets. Operating expenses by object for the years ended June 30, 2008 and 2007 are summarized as follows:

Year Ended June 30, 2008

	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 691,978	\$ 125,168	-	-	\$ 817,146
Separately budgeted research	260,581	131,406	-	-	391,987
Public service	82,273	39,292	-	-	121,565
Academic support	105,720	30,000	-	-	135,720
Student services	58,212	28,617	-	-	86,829
Institutional support	114,807	51,365	-	-	166,172
Operation and maintenance of plant	38,164	76,943	-	-	115,107
Scholarships and fellowships	4,624	2,822	\$ 63,814	-	71,260
Auxiliary enterprises	108,165	112,517	-	-	220,682
OSU Health System	735,218	560,632	-	-	1,295,850
OSU Physicians, Inc.	170,110	60,293	-	-	230,403
Depreciation	-	-	-	\$ 213,594	213,594
Total operating expenses	\$ 2,369,852	\$ 1,219,055	\$ 63,814	\$ 213,594	\$ 3,866,315

Year Ended June 30, 2007

	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 661,881	\$ 99,042	-	-	\$ 760,923
Separately budgeted research	243,769	120,401	-	-	364,170
Public service	80,680	35,824	-	-	116,504
Academic support	103,763	25,169	-	-	128,932
Student services	54,246	24,255	-	-	78,501
Institutional support	101,770	42,186	-	-	143,956
Operation and maintenance of plant	36,250	70,314	-	-	106,564
Scholarships and fellowships	4,633	6,985	\$ 59,064	-	70,682
Auxiliary enterprises	95,210	109,499	-	-	204,709
OSU Health System	663,345	553,552	-	-	1,216,897
OSU Physicians, Inc.	154,264	72,348	-	-	226,612
Depreciation	-	-	-	\$ 193,657	193,657
Total operating expenses	<u>\$ 2,199,811</u>	<u>\$ 1,159,575</u>	<u>\$ 59,064</u>	<u>\$ 193,657</u>	<u>\$ 3,612,107</u>

NOTE 13 — RETIREMENT PLANS

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

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

Defined Benefit Plans

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

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

OPERS, Attn: Finance Director
277 East Town Street
Columbus, OH 43215-4642
(614) 222-5601
(800) 222-7377
www.opers.org

In addition to the retirement benefits described above, STRS Ohio and OPERS provide postemployment health care benefits.

OPERS 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. OPERS determines the amount, if any, of the associated health care costs that will be absorbed by OPERS. Under Ohio Revised Code (ORC), funding for medical costs paid from the funds of OPERS is included in the employer contribution rate. For the fiscal year ended December 31, 2007, OPERS allocated 5.0% (January 1 through June 30) and 6.0% (July 1 through December 31) 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, 2006 (the date of the system's latest actuarial review) was \$12.0 billion. There were 374,979 active contributing participants in the OPERS Traditional Pension and Combined Pension plans (i.e. OPERS plans with post employment health coverage) as of December 31, 2007 and 362,130 active contributing participants used in the December 31, 2006 actuarial valuation.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. In response to skyrocketing health care costs, the HCPP restructured OPERS' health care coverage to improve the financial solvency of the fund by creating a separate investment pool for health care assets.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. HCPP incorporates a cafeteria approach, offering a broad range of health care options which allows benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

STRS Ohio currently provides access to health care coverage to retirees who participated in the deferred benefit or combined plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to ORC, STRS Ohio has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of monthly premiums. Under ORC, medical costs paid from the funds of STRS Ohio are included in the employer contribution rate. For the fiscal year ended June 30, 2007, STRS Ohio allocated employer contributions equal to 1% of covered payroll to a Health Care Stabilization Fund (HCSF) from which payments for health care benefits are paid. The balance in the HCSF was \$4.1 billion at June 30, 2007.

STRS Ohio expenditures for postemployment health care benefits during the year ended June 30, 2007 were \$266 million. There were 122,934 benefit recipients eligible for postemployment benefits at that date.

Postemployment health care benefits are not guaranteed by ORC to be covered under either OPERS or STRS Ohio defined benefit plans.

Defined Contribution Plans

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

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

STRS Ohio also offers a defined contribution plan in addition to its long established defined benefit plan. All employee contributions and employer contributions at a rate of 10.5% are placed in an investment account directed by the employee. Disability benefits are limited to the employee's account balance. Employees electing the defined contribution plan receive no postretirement health care benefits.

Combined Plans

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

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

Funding Policy

ORC provides STRS Ohio and OPERS statutory authority to set employee and employer contributions. Contributions equal to those required by STRS Ohio and OPERS 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 STRS Ohio and OPERS to enhance the stability of these plans. The required contribution rates (as a percentage of covered payroll) for plan members and the University are as follows:

	STRS Ohio	OPERS	ARP
Faculty:			
Plan member (entire year)	10.00%		10.00%
University (entire year)	14.00%		14.00%*
Staff:			
Plan member (7/07 – 12/07)		9.50%	9.50%
Plan member (1/08 – 6/08)		10.00%	10.00%
University (7/07 – 12/07)		13.77%	13.77%**
University (1/08 – 6/08)		14.00%	14.00%***
Law enforcement staff:			
Plan member (entire year)		10.10%	10.10%
University (7/07 – 12/07)		17.17%	17.17%
University (1/08 – 6/08)		17.40%	17.40%

* Employer contributions include 3.5% paid to STRS Ohio.

** Employer contributions include .54% paid to OPERS (8/07 – 12/07).

*** Employer contributions include .77% paid to OPERS (1/08 – 6/08).

The remaining amount is credited to employee's ARP account.

The University's contributions, which represent 100% of required employer contributions, for the year ended June 30, 2008 and for each of the two preceding years are as follows:

Year Ended June 30,	STRS Ohio Annual Required Contribution	OPERS Annual Required Contribution	ARP Annual Required Contribution
2006	\$ 42,599	\$ 103,502	\$ 30,055
2007	\$ 45,252	\$ 110,958	\$ 32,726
2008	\$ 47,516	\$ 122,139	\$ 34,830

OSU Physicians Retirement Plan

Retirement benefits are provided for the employees of OSU Physicians (OSUP) through a tax-sheltered 403(b) and 401(a) program administered by an insurance company. OSUP is required to make nondiscretionary contributions of no less than 7.5% under the Interim Retirement Plan; however, some subsidiaries make an additional discretionary contribution of up to 17.5%, for a range of total employer contributions of 7.5% to 25%. Employees are allowed, but not required, to make contributions to the 403(b) plan. OSUP's share of the cost

of these benefits was \$13,828 and \$12,772 for the years ended June 30, 2008 and 2007, respectively.

NOTE 14 — CAPITAL PROJECT COMMITMENTS

At June 30, 2008, the University is committed to future contractual obligations for capital expenditures of approximately \$247,003.

These projects are funded by the following sources:

State appropriations	\$ 57,517
Internal and other sources	189,486
Total	<u>\$ 247,003</u>

NOTE 15 — CONTINGENCIES AND RISK MANAGEMENT

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

The University is self-insured for Hospitals professional malpractice liability, employee health benefits, and employee life, accidental death and dismemberment benefits. Additional details regarding these self-insurance arrangements are provided in Note 5. The University also carries commercial insurance policies for various property, casualty and excess liability risks. Over the past three years, settlement amounts related to these insured risks have not exceeded the University's coverage amounts.

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

NOTE 16 — FUNDS HELD IN TRUST BY OTHERS

The University is the beneficiary of and annually receives income from funds held in trust by other trustees. These funds are administered by outside trustees and are neither in the possession nor under the control of the University. The principal amount of these funds is not determinable at the present time.

NOTE 17 — SUBSEQUENT EVENTS

Issuance of Bonds

The University issued \$127,770 in Variable Rate Demand General Receipts Bonds, Series 2008B, on September 30, 2008. The proceeds of this bond issue will be used to retire \$80,900 of Series H Commercial Paper notes and to fund a variety of capital projects. The Series 2008B bonds will have annual principal payments until final maturity on December 1, 2028.

Commonfund Investments

On September 29, 2008, Commonfund and Participants in The Common Fund Short Term Investments (the "Short Term Fund") received notice from the Trustee of the Short Term Fund, Wachovia Bank, N.A. of Wachovia's decision to initiate the termination of the Short Term Fund, to establish procedures for an orderly liquidation and distribution of the fund's assets and to resign their role as Trustee of the Short Term Fund. As Trustee, Wachovia has the sole discretion to take this action. The action by the Trustee restricted liquidity initially to 10% of each participant's account balance, which has now increased to 26%. The restrictions are expected to increase to 57% by the end of 2008 and 74% by the end of 2009.

On October 1, 2008 the Commonfund Intermediate Term Fund (the "Intermediate Term Fund") announced restrictions on liquidity to 30% of each participant's account balance. This was done upon authorization of the Commonfund Board of Trustees.

At June 30, 2008 the University maintained \$791 and \$59,132 in the Short Term Fund and the Intermediate Term Fund, respectively. These investments are included as temporary investments in the accompanying financials. At the time of the redemption restrictions, the University maintained \$704 in the Short Term Fund and \$56,733 in the Intermediate Term Fund. Since the restrictions were announced, the University has recovered \$368 from the Short Term Fund and \$17,010 from the Intermediate Term Fund.

Market Declines

The University's investment portfolio includes publicly traded securities. As a result, a significant downturn in the securities markets could adversely affect the market value of University assets. Subsequent to June 30, 2008, conditions in the worldwide debt and equity markets have deteriorated significantly. These conditions have had a negative effect on the fair value of the University's investments since June 30, 2008. University management continues to monitor its investment portfolio as conditions evolve.

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Federal Agency

Research and Development Cluster —

Funds received directly from the following federal agencies

Federal Agency	CFDA No.	Sponsor ID	2008 Expenditures
Smithsonian Astrophysical Observatory	43.002	30060200	\$ 284,355
Appalachian Regional Commission	23.30070100	30070100	49,244
Veterans Affairs	64.30170000	30170000	35,735
Nuclear Regulatory Commission	77.006	30220000	647,494
Central Intelligence Agency	13.30350100	30350100	29,286
Corp for Nat & Community Service	94.005	31040001	43,610
Environmental Protection Agency	66.714	32000000	9,215
Environmental Protection Agency	66.516	32000000	10,061
Environmental Protection Agency	66.469	32000000	16,013
Environmental Protection Agency	66.511	32000000	17,831
Environmental Protection Agency	66.510	32000000	19,229
Environmental Protection Agency	66.32000000	32000000	118,787
Environmental Protection Agency	66.512	32000000	151,792
Environmental Protection Agency	66.509	32000000	227,216
Environmental Protection Agency	66.202	32000000	311,125
Nat Aeronautics & Space Admin	43.33000000	33000000	17,436
Nat Aeronautics & Space Admin	43.001	33000000	191,516
Nat Aeronautics & Space Admin	43.002	33000000	322,144
Langley Research Center	43.002	33000102	301,256
Ames Research Center	43.33000103	33000103	295
John Glenn Research Center-Lewis Field	43.001	33000104	(3,251)
John Glenn Research Center-Lewis Field	43.33000104	33000104	669,460
John Glenn Research Center-Lewis Field	43.002	33000104	574,489
NASA Headquarters	43.002	33000105	(471)
NASA Headquarters	43.001	33000105	176,978
NASA Headquarters	43.33000105	33000105	188,312
NASA Headquarters	43.002	33000105	542,025
Marshall Space Flight Center	43.002	33000201	1,102
Johnson Space Center	43.002	33000202	171,731
Goddard Space Flight Center	43.33000301	33000301	54,554
Goddard Space Flight Center	43.001	33000301	118,508
Goddard Space Flight Center	43.002	33000301	1,404,853
Jet Propulsion Lab	43.002	33000303	114,899
Jet Propulsion Lab	43.33000303	33000303	173,129
National Endowment For The Humanities	45.149	34000100	4,707
National Endowment For The Humanities	45.163	34000100	148,584

(Continued)

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Federal Agency	CFDA No.	Sponsor ID	2008 Expenditures
National Endowment For The Arts	45.024	34000200	\$ 4,912
Nat Science Foundation	47.350000000	35000000	801
Nat Science Foundation	47.075	35000000	9,578
Nat Science Foundation	47.078	35000000	16,241
Nat Science Foundation	47.047	35000000	35,171
Nat Science Foundation	47.014	35000000	37,382
Nat Science Foundation	47.076	35000000	405,638
Nat Science Foundation	47.050	35000000	548,802
Nat Science Foundation	47.070	35000000	569,688
Nat Science Foundation	47.041	35000000	678,558
Nat Science Foundation	47.074	35000000	1,327,695
Nat Science Foundation	47.049	35000000	5,084,871
NSF Biological Sciences	47.074	35000100	832,264
NSF Biological Instrumentation & Resources	47.074	35000101	223,902
NSF Integrative Organismal Biology	47.074	35000102	774,519
NSF Molecular & Cellular Biosciences	47.074	35000103	1,293,331
NSF Div of Environmental Biology	47.074	35000104	1,116
NSF Environmental Biology	47.074	35000104	495,435
NSF Div Biological & Neural Sciences	47.074	35000105	156,272
NSF Social & Economic Sciences	47.075	35000106	196,237
NSF Biological Infrastructure	47.35000107	35000107	199
NSF Div Emerging Frontiers	47.074	35000107	501,334
NSF Directorate for Computer & Info Sciences & Eng	47.070	35000108	127,947
NSF Computer & Info Sciences & Eng	47.070	35000200	2,457
NSF Div Computer & Computation Research	47.070	35000200	1,239,724
NSF Div Info Robotics & Intelligent Systems	47.070	35000202	110,035
NSF Div Advanced Scientific Computing	47.070	35000203	638,822
NSF Div of Computer & Network Systems	47.070	35000205	116,712
NSF Div Computing & Communication Fdn	47.070	35000207	866,146
NSF Engineering	47.070	35000208	338,809
NSF Engineering	47.049	35000300	22,433
NSF Engineering	47.041	35000300	28,668
NSF Div Engineering Education&Centers	47.041	35000302	403,396
NSF Div Chemical & Transport Systems	47.041	35000302	2,677,776
NSF Div Elect, Comm, & CyberSystems	47.041	35000303	363,668
NSF Div Design &Manufacturing Innovation	47.041	35000305	488,016
NSF Div Bioengineering & Environmental	47.041	35000306	350,691
NSF Div Chem, Bioeng, Environ, & Trnsp S	47.041	35000307	573,108
		35000309	241,069

(Continued)

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Federal Agency	CFDA No.	Sponsor ID	2008 Expenditures
NSF Div Civil, Mechanical & Maufact Innv	47.041	35000310	\$ 275,135
NSF Industrial Innovation & Partnerships	47.041	35000311	45,998
NSF Div Atmospheric Sciences	47.050	35000401	422,066
NSF Div Earth Sciences	47.074	35000402	71,887
NSF Div Earth Sciences	47.070	35000402	78,361
NSF Div Earth Sciences	47.050	35000402	578,083
NSF Office of Polar Programs	47.078	35000404	7,146
NSF Ofc Polar Programs	47.078	35000404	3,460,340
NSF Div Mathematical Sciences	47.049	35000501	572
NSF Div Mathematical Sciences	47.49	35000501	9,596
NSF Div Physics	47.049	35000501	3,454,131
NSF Div Chemistry	47.049	35000502	1,311,287
NSF Div Chemistry	47.050	35000503	78,281
NSF Div Materials Research	47.049	35000503	1,140,614
NSF DIV ASTRONOMICAL SCIENCES	47.049	35000504	726,381
NSF DIV ASTRONOMICAL SCIENCES	47.049	35000505	1,747
NSF Education & Human Resources	47.049	35000505	587,922
NSF Div of Research Career Development	47.076	35000600	377,828
NSF Div of Research Career Development	47.050	35000604	(9,585)
NSF Div Undergraduate Education	47.070	35000604	72,353
NSF Div Undergraduate Education	47.046	35000605	(343)
NSF Div Human Resource Development	47.076	35000605	1,148,186
NSF Elementary,Secondary & Informal Educ	47.076	35000606	614,860
NSF Div Graduate Educ & Res Development	47.076	35000607	49,732
NSF Social, Behavioral & Economic Res	47.076	35000611	2,042,698
NSF Off of International Science & Eng	47.075	35000801	1,531,920
NSF Off of International Science & Eng	47.075	35000803	(1,469)
NSF Off of International Science & Eng	47.079	35000803	7,575
NSF Behavioral & Cognitive Sciences	47.079	35000803	11,640
NSF Office of Cyberinfrastructure	47.075	35000804	73,440
US Department of Agriculture	47.080	35001000	4,157
USDA Forest Service	47.041	35001000	449,496
USDA Forest Service	10.219	40000000	113,950
USDA Forest Service	10.673	40020000	18,580
USDA Forest Service	10.40020000	40020000	38,623
USDA Forest Service	10.664	40020000	42,446
USDA Forest Service	10.680	40020000	71,465
USDA Forest Service	10.652	40020000	244,610
Nat Urban &CommunityForestryAdvisoryCncl	10.670	40020200	(1,465)

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THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Federal Agency	CFDA No.	Sponsor ID	2008 Expenditures
Coop State Res Educ & Extension Service	10.220	40040100	\$ 795
Coop State Res Educ & Extension Service	10.219	40040100	1,538
Coop State Res Educ & Extension Service	10.207	40040100	21,829
Coop State Res Educ & Extension Service	10.217	40040100	28,136
Coop State Res Educ & Extension Service	10.307	40040100	47,049
Coop State Res Educ & Extension Service	10.305	40040100	55,399
Coop State Res Educ & Extension Service	10.210	40040100	73,024
Coop State Res Educ & Extension Service	10.500	40040100	500,246
Coop State Res Educ & Extension Service	10.200	40040100	1,475,189
Coop State Res Educ & Extension Service	10.303	40040100	1,524,529
Coop State Res Educ & Extension Service	10.206	40040100	2,509,637
North Cent Rgnl Integrated Pest Mgmt Prg	10.200	40040102	(7)
Nat Res Init Competitive Grants Program	10.206	40040103	582,148
Initiative Future Agriculture & Food Sys	10.302	40040104	(6)
USDA Agricultural Res Service	10.40040200	40040200	6,831
USDA Agricultural Res Service	10.001	40040200	1,368,300
Natural Resources Conservation Service	10.902	40060000	6,350
Natural Resources Conservation Service	10.212	40060000	25,426
Animal & Plant Health Inspection Service	10.025	40070000	160,777
Ofc of Intl Cooperation & Dev	10.960	40100000	21,699
Economic Res Service	10.250	40120000	6,329
Food Safety & Inspection Service	10.475	40130000	(8,715)
USDA Rural Development	10.771	40190000	87,933
USDA Foreign Ag Serv	10.961	40200000	50,848
USDA Foreign Ag Serv	10.962	40200000	135,039
Nat Oceanic & Atmospheric Admin	11.400	42020000	(6,738)
Nat Oceanic & Atmospheric Admin	11.431	42020000	37,652
Nat Oceanic & Atmospheric Admin	11.432	42020000	51,427
Nat Oceanic & Atmospheric Admin	11.440	42020000	122,047
Nat Marine Fisheries Service	11.417	42020000	1,269,705
US Department of Defense	11.42020300	42020300	(2,340)
Air Force	12.420	50000000	832,267
Air Force	12.50010000	50010000	42,228
Air Force Materiel Command	12.800	50010000	330,965
Air Force Materiel Command	12.50010100	50010100	432,090
Air Force Office of Scientific Res	12.800	50010100	1,690,229
Air Force Office of Scientific Res	12.80	50010105	31,564
Air Force Office of Scientific Res	12.50010105	50010105	67,307
Air Force Office of Scientific Res	12.630	50010105	2,013,979

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THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Federal Agency	CFDA No.	Sponsor ID	2008 Expenditures
Air Force Office of Scientific Res	12.800	50010105	\$ 4,334,607
Air Force Research Laboratory	12.800	50010126	188,340
Air Force Research Laboratory	12.50010126	50010126	450,472
Air Force Institute of Technology	12.50010201	50010201	206,209
Army	12.50020000	50020000	21,928
Army Corps of Engineers	12.50020100	50020100	190,091
Humphreys Engineer Ctr Support Activity	12.50020106	50020106	347,104
Army Tank Command	12.50020204	50020204	(22,907)
Army Research, Development and Eng Cmd	12.431	50020219	136,005
Army Research, Development and Eng Cmd	12.50020219	50020219	172,129
Army Medical Res & Materiel Command	12.50020301	50020301	9,228
Army Medical Res & Materiel Command	12.420	50020301	354,412
Army Research Office	12.431	50020400	3,063
Army Research Office	12.300	50020400	320,532
Army Research Office	12.431	50020400	588,590
Army Yuma Proving Ground	12.50022600	50022600	330,800
Army Medical Res Acquisition Activity	12.50022700	50022700	101,739
Army Medical Res Acquisition Activity	12.420	50022700	1,398,803
Navy	12.50040000	50040000	128,172
Naval Air Systems Cmd	12.50040101	50040101	107,007
Office of Naval Research	12.50040300	50040300	59,605
Office of Naval Research	12.300	50040300	3,919,156
Navy Research Lab	12.50040301	50040301	(25)
Naval Medical Center San Diego	12.50040600	50040600	8,700
Nat Geospatial-Intelligence Agcy	12.630	50080000	577,442
Defense Logistics Agency	12.50130000	50130000	6,902
Nat Security Agency	12.901	50140000	106,144
Nat Security Agency	12.50140000	50140000	433,616
Uniformed Services Univ Health Sci's	12.50190000	50190000	(2,063)
Nat Reconnaissance Office	12.50200000	50200000	99,959
Defense Threat Reduction Agency	12.50220000	50220000	(30,523)
Defense Threat Reduction Agency	12.351	50220000	3,277
Counterintelligence Field Activity	12.50230000	50230000	68,630
US Department of Education	84.324	53000000	23,848
US Department of Education	84.200	53000000	26,660
US Department of Education	84.327	53000000	355,588
US Department of Education	84.031	53000000	382,199
US Department of Education	84.224	53000000	503,588
US Department of Education	84.305	53000000	559,292

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THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Federal Agency	CFDA No.	Sponsor ID	2008 Expenditures
US Department of Education	84.047	53000000	\$ 628,135
Institute of Education Sciences	84.53020000	53020000	(2,462)
Institute of Education Sciences	84.305	53020000	1,342,113
Fund Improvement Postsecondary Education	84.116	53020300	19,020
Ofc of Elementary & Secondary Education	84.350	53030000	201,826
Ofc of Postsecondary Education	84.047	53040000	105,584
Ofc of Postsecondary Education	84.220	53040000	318,820
Ofc of Postsecondary Education	84.229	53040000	367,630
Ctr for Intl Education	84.015	53040200	63,262
Ofc of Special Ed & Rehabilitative Svcs	84.325	53050000	254,468
Office of Special Education Programs	84.324	53050100	105,985
Office of Special Education Programs	84.325	53050100	163,022
Nat Inst Disability & Rehabilitation Res	84.224	53050300	151
Nat Inst Disability & Rehabilitation Res	84.133	53050300	441,376
US Department of Energy	81.115	55000000	(1,901)
US Department of Energy	81.087	55000000	7,800
US Department of Energy	81.087	55000000	12,504
US Department of Energy	81.123	55000000	23,305
US Department of Energy	81.121	55000000	55,015
US Department of Energy	81.114	55000000	59,647
US Department of Energy	81.112	55000000	124,039
US Department of Energy	81.086	55000000	175,889
US Department of Energy	81.117	55000000	370,815
US Department of Energy	81.089	55000000	370,966
US Department of Energy	81.55000000	55000000	485,052
US Department of Energy	81.049	55000000	7,771,442
Oak Ridge Nat Lab	81.086	55100000	31,895
Nat Energy Tech Lab	81.064	55130000	(7)
Nat Energy Tech Lab	81.55130000	55130000	7,269
Nat Energy Tech Lab	81.117	55130000	139,329
Nat Energy Tech Lab	81.089	55130000	490,127
Agency for Healthcare Res & Quality	93.226	60041200	33,402
Food and Drug Administration	93.62000000	62000000	(7,625)
National Institutes of Health	93.213	64000000	(8,157)
National Institutes of Health	93.849	64000000	(45)
National Institutes of Health	93.398	64000000	73,664
National Institutes of Health	93.395	64000000	91,941
National Institutes of Health	93.172	64000000	97,839
National Institutes of Health	93.173	64000000	226,644

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THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Federal Agency	CFDA No.	Sponsor ID	2008 Expenditures
National Institutes of Health	93.396	64000000	\$ 240,266
National Institutes of Health	93.856	64000000	269,728
National Institutes of Health	93.113	64000000	360,783
National Institutes of Health	93.855	64000000	361,957
National Institutes of Health	93.853	64000000	387,380
National Institutes of Health	93.859	64000000	718,596
National Cancer Institute	93.396	64000002	33,719
National Cancer Institute	93.981	64000002	111,309
National Cancer Institute	93.941	64000002	189,412
National Cancer Institute	93.394	64000002	1,064,474
National Cancer Institute	93.398	64000002	1,644,488
National Cancer Institute	93.64000002	64000002	2,094,052
National Cancer Institute	93.399	64000002	2,116,549
National Cancer Institute	93.393	64000002	5,487,467
National Cancer Institute	93.397	64000002	5,855,363
National Cancer Institute	93.396	64000002	6,367,311
National Cancer Institute	93.395	64000002	15,768,777
National Cancer Institute	96.838	64000003	133,842
National Heart, Lung, and Blood Inst	93.839	64000003	1,018,658
National Heart, Lung, and Blood Inst	93.64000003	64000003	2,303,494
National Heart, Lung, and Blood Inst	93.838	64000003	2,775,762
National Heart, Lung, and Blood Inst	93.837	64000003	8,268,435
Nat Inst of Allergy & Infectious Diseases	93.856	64000004	2,254,070
Nat Inst of Allergy & Infectious Diseases	93.855	64000004	8,267,328
Nat In Diabetes&Digestive&KidneyDiseases	93.849	64000005	1,059,815
Nat In Diabetes&Digestive&KidneyDiseases	93.847	64000005	1,265,055
Nat In Diabetes&Digestive&KidneyDiseases	93.848	64000005	1,994,867
Nat Inst Child Health & Human Development	93.929	64000006	(9,148)
Nat Inst Child Health & Human Development	93.864	64000006	1,580,044
Nat Inst Child Health & Human Development	93.865	64000006	2,683,213
Nat Inst Gen Medical Scis	93.64000007	64000007	8,963
Nat Inst Gen Medical Scis	93.821	64000007	340,219
Nat Inst Gen Medical Scis	93.862	64000007	423,842
Nat Inst Gen Medical Scis	93.859	64000007	8,702,400
Nat Inst Neurological Disorders & Stroke	93.853	64000008	10,382
Nat Inst Neurological Disorders & Stroke	93.310	64000008	60,020
Nat Inst Neurological Disorders & Stroke	95.853	64000008	161,279
Nat Inst Neurological Disorders & Stroke	93.853	64000008	5,473,540
Nat Center for Research Resources	93.306	64000010	107,146

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THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Federal Agency	CFDA No.	Sponsor ID	2008 Expenditures
Nat Center for Research Resources	93.865	64000010	\$ 796,342
Nat Center for Research Resources	93.389	64000010	3,796,036
National Eye Institute	93.64000011	64000011	(1,528)
National Eye Institute	93.867	64000011	4,486,618
Nat Inst of Dental & Craniofacial Research	93.121	64000012	(1,732)
Nat Inst of Dental & Craniofacial Research	93.121	64000012	2,733,486
Nat Inst of Environ Health Scis	93.113	64000014	2,211,276
National Institute on Aging	93.866	64000015	2,146,461
National Institute of Nursing Research	93.361	64000018	670,154
Nat In Arthritis & Musculoskeletal & Skin Ds	93.846	64000019	2,790,410
Nat In Deafness & Other Commcn Disorders	93.173	64000020	2,796,953
National Institute of Mental Health	93.282	64000021	31,700
National Institute of Mental Health	93.242	64000021	3,299,519
National Institute on Drug Abuse	93.278	64000022	40,345
National Institute on Drug Abuse	93.277	64000022	71,682
Nat In Arthritis&Musculoskeletal&Skin Ds	93.279	64000022	4,216,590
Nat Inst on Alcohol Abuse & Alcoholism	93.273	64000023	294,104
National Human Genome Research Institute	93.172	64000026	285,146
Nat Ctr Complementary & Alternative Med	93.213	64000027	738,398
Nat In Biomedical Imaging & Bioengineering	93.286	64000028	2,441,009
Nat Ctr Minority Hlth & Hlth Disparities	93.307	64000029	4,430
Health Resources & Services Admin	93.887	65000000	(42,744)
Health Resources & Services Admin	93.359	65000000	(2,936)
Health Resources & Services Admin	93.191	65000000	(166)
Health Resources & Services Admin	93.191	65000000	(80)
Health Resources & Services Admin	93.127	65000000	1,201
Health Resources & Services Admin	93.358	65000000	91,380
Health Resources & Services Admin	93.884	65000000	269,918
Health Resources & Services Admin	93.964	65000001	6,721
Nat In Arthritis&Musculoskeletal&Skin Ds	93.110	65000005	409,716
Maternal & Child Health Bureau	93.66000000	66000000	8,639
Centers for Disease Control & Prevention	93.061	66000000	9,206
Centers for Disease Control & Prevention	93.136	66000000	22,354
Centers for Disease Control & Prevention	93.262	66000000	117,111
Centers for Disease Control & Prevention	93.283	66000000	1,378,683
Centers for Disease Control & Prevention	93.956	66000001	118,277
Nat Inst Occupational Safety & Health	93.262	66000001	478,583
Nat Inst Occupational Safety & Health	93.262	66000001	5,365
Admin Children, Youth, & Families	93.632	67000100	492,056
Admin Developmental Disabilities	93.632	67000500	

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THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Federal Agency	CFDA No.	Sponsor ID	2008 Expenditures
Dept of Housing & Urban Development	14.512	70000000	\$ (14,198)
Dept of Housing & Urban Development	14.516	70000000	3,058
Dept of Housing & Urban Development	14.506	70000000	7,474
Dept of Housing & Urban Development	14.520	70000000	153,685
US Fish and Wildlife Service	15.635	72030000	27
US Fish and Wildlife Service	15.608	72030000	12,453
US Fish and Wildlife Service	15.228	72030000	71,526
US Geological Survey	15.808	72040000	10,000
US Geological Survey	15.805	72040000	113,974
National Park Service	15.650	72070000	1,700
National Institute of Justice	16.560	74040100	93,532
Bureau of Justice Statistics	16.734	74040200	37,167
Bureau of Labor Statistics	17.76050000	76050000	4,260,457
US Department of Transportation	20.82000000	82000000	337,811
Federal Highway Administration	20.215	82010000	21
Federal Transit Administration	20.514	82020000	412,361
Federal Aviation Administration	20.108	82030000	92,078
Federal Aviation Administration	20.82030000	82030000	389,993
Nat Highway Traffic Safety Admin	20.82040000	82040000	639,357
Subtotal of Research and Development Cluster funds received directly from Federal Agencies			<u>230,565,735</u>

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THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	2008 Expenditures
Research and Development Cluster —					
Pass-through from other sources:					
Air Force Office of Scientific Res	CeramPhysics, Inc	12.50010105	50010105	10011166	\$ 6,942
US Department of Energy	Sandia Corp	81.55000000	55000000	10011170	135,858
DOE Nat Inst for Climatic Change Res	Edison Welding Inst Inc	81.55140000	55140000	10011218	81,607
Air Force Research Laboratory	AT&T Inc	12.50010126	50010126	10011298	(106)
Agency for Intl Dev	Development Alternatives Inc	98.30300100	30300100	10011316	10,151
Army	SAIC, Inc	12.50020000	50020000	10011324	22,977
Defense Advanced Res Projects Agency	SAIC, Inc	12.50060000	50060000	10011324	7,137
National Cancer Institute	SAIC, Inc	93.64000002	64000002	10011324	280,521
US Department of Defense	General Dynamics Advanced Info Systems	12.50000000	50000000	10011383	15,475
Air Force Research Laboratory	General Dynamics Advanced Info Systems	12.50010126	50010126	10011383	(331)
Air Force	Universal Tech Corp	12.800	50010000	10011471	23,180
Air Force	Universal Tech Corp	12.50010000	50010000	10011471	52,910
Air Force Materiel Command	Universal Tech Corp	12.50010100	50010100	10011471	3,449
Army Aviation Applied Tech Directorate	Universal Tech Corp	12.630	50020218	10011512	49,186
US Department of Energy	Honeywell International Inc	12.50000000	55000000	10011512	16,048
Nat Inst Neurological Disorders & Stroke	Honeywell International Inc	81.55000000	64000008	10011582	188
Air Force Research Laboratory	Beth Israel Deaconess Medical Center	93.853	64000008	10011582	201,312
Defense Advanced Res Projects Agency	Northrop Grumman Corp	12.800	50010126	10011657	(79)
Nat Reconnaissance Office	Northrop Grumman Corp	12.50060000	50060000	10011657	123,903
Nat Inst of Standards & Tech	Northrop Grumman Corp	12.50200000	50200000	10011657	17,404
Air Force	GE Global Res	11.42040000	42040000	10011744	96,723
Nat Inst Neurological Disorders & Stroke	General Electric Aircraft Engines	12.50010000	50010000	10011756	97,699
Nat Ctr Complementary & Alternative Med	Mount Sinai Medical Center	93.853	64000008	10011783	4,934
Army	Mount Sinai Medical Center	93.64000027	64000027	10011783	115,130
Navy	Infoscitex Corporation	12.50020000	50020000	10011833	34,544
Army	Infoscitex Corporation	12.50040000	50040000	10011833	53,175
Navy	Raytheon Co	12.50020000	50020000	10011847	2,766
Navy	Raytheon Co	12.50040000	50040000	10011847	878,813
National Cancer Institute	Booz Allen Hamilton Inc	93.64000002	64000002	10011980	(20,140)
Air Force Office of Scientific Res	Physical Sciences, Incorporated	12.50010105	50010105	10012027	50,071
Nat Inst of Allergy & Infectious Diseases	Social & Scientific Systems, Inc	93.64000004	64000004	10012044	(56)
US Department of Defense	Harris Corp	12.50000000	50000000	10012071	3,261
US Department of Energy	Bechtel Bettis, Inc	81.55000000	55000000	10012230	5,611
NASA Headquarters	CFD Research Corp	43.33000105	33000105	10012258	102,886
Nat Science Foundation	OG Technologies, Inc	47.041	35000000	10012262	10
NSF Engineering	OG Technologies, Inc	47.041	350000300	10012262	(16,523)
Nat Inst of Standards & Tech	OG Technologies, Inc	11.42040000	42040000	10012262	

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THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	2008 Expenditures
US Department of Agriculture	Environ Energy	10.40000000	40000000	10012272	\$ 20,392
US Department of Energy	Environ Energy	81.55000000	55000000	10012272	38,926
Defense Logistics Agency	Advanced Tech Inst	12.50130000	50130000	10012322	227,336
US Department of Energy	Advanced Tech Inst	81.55000000	55000000	10012322	36,182
NSF Mathematical & Physical Sciences	Makel Engineering, Inc	47.041	35000500	10012377	46,998
US Department of Energy	Makel Engineering, Inc	81.55000000	55000000	10012377	68,532
US Department of Defense	Syntonics LLC	12.50000000	50000000	10012399	10,973
Air Force Office of Scientific Res	Syntonics LLC	12.50010105	50010105	10012399	161,233
Navy	Syntonics LLC	12.50040000	50040000	10012399	63,315
Naval Air Warfare Ctr Aircraft Div	Syntonics LLC	12.50041600	50041600	10012399	4,293
Air Force Materiel Command	General Dynamics Information Technology	12.50010100	50010100	10012402	25,385
Air Force Research Laboratory	General Dynamics Information Technology	12.50010126	50010126	10012402	158,687
US Department of Energy	Supergenics LLC	81.049	55000000	10012405	(435)
Air Force	Applied EM, Inc	12.50010000	50010000	10012411	6,628
Navy	Applied EM, Inc	12.50040000	50040000	10012411	195
Navy	Applied EM, Inc	12.50040000	50040000	10012411	219,513
Naval Air Systems Cmd	Applied EM, Inc	12.50040101	50040101	10012411	21,043
National Institutes of Health	Cancervax	93.64000000	64000000	10012419	(50,520)
Defense Advanced Res Projects Agency	Smart Transitions LLC	12.50060000	50060000	10012438	1,529,107
National Institute of Mental Health	Passive Motion Therapeutics Inc	93.242	64000021	10012485	120
Nat Science Foundation	RNET Technologies	47.041	35000000	10012505	53,162
Air Force Research Laboratory	RNET Technologies	12.800	50010126	10012505	68,586
Defense Advanced Res Projects Agency	RNET Technologies	12.50060000	50060000	10012505	22,743
Air Force Office of Scientific Res	Princeton Scientific Instruments Inc	12.50010105	50010105	10012513	(7)
Air Force Research Laboratory	Luna Innovations Inc	12.50010126	50010126	10012514	20,991
Navy	Luna Innovations Inc	12.50040000	50040000	10012514	3,803
Air Force	SET Associates Corp	12.50010000	50010000	10012523	(99)
Air Force Research Laboratory	SET Associates Corp	12.50010126	50010126	10012523	9,305
Defense Advanced Res Projects Agency	SET Associates Corp	12.50060000	50060000	10012523	58,606
Air Force	Wyle Laboratories	12.50010000	50010000	10012528	20,412
Air Force Materiel Command	SI2 Technologies, Inc.	12.50010100	50010100	10012543	(91)
Defense Advanced Res Projects Agency	Kaman Aerospace Corp	12.50060000	50060000	10012550	(10)
National Institutes of Health	Lynntech, Inc	93.64000000	64000000	10012566	20,116
US Department of Energy	General Atomics	81.55000000	55000000	10012568	290,993
National Institutes of Health	Biopraxis Inc	93.64000000	64000000	10012596	7,235
US Department of Defense	Intelligent Automation, Inc	12.50000000	50000000	10012597	38,345
Office of Naval Res	Intelligent Automation, Inc	12.50040300	50040300	10012597	53,259
US Department of Defense	ATK Missile Systems Co	12.50000000	50000000	10012668	14,006
Air Force Office of Scientific Res	Triton Quality Systems	12.50010105	50010105	10012693	91,648

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THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	2008 Expenditures
National Cancer Institute	Klein Buendel, Inc	93.393	64000002	10012707	\$ 73,857
Nat Inst Neurological Disorders & Stroke	Perfusion Technology, LLC	93.64000008	64000008	10012726	662
National Institutes of Health	Fisher BioServices, Inc	93.64000000	64000000	10012728	44,102
National Eye Institute	The EMMES Corp	93.64000011	64000011	10012757	8,027
Air Force Research Laboratory	SRA International, Inc	93.64000000	50010126	10012759	170,500
National Institutes of Health	SRA International, Inc	93.64000000	64000000	10012759	(192)
Nat Oceanic & Atmospheric Admin	Advanced Resource Technologies, Inc	11.42020000	42020000	10012764	(83,178)
Defense Advanced Res Projects Agency	Surmet Corporation	12.50060000	50060000	10012790	452,369
Army	Elintrix	12.50020000	50020000	10012795	146,293
Army	ANP Technologies, Inc	12.50020000	50020000	10012802	(706)
Missile Defense Agency	Wang Electro-Opto Corporation	12.50021500	50021500	10012847	14,655
US Department of Energy	Robert C McCune and Associates, LLC	81.086	55000000	10012851	50,853
Nat Science Foundation	Interlaken Technology Corporation	47.35000000	35000000	10012853	9,244
Army Res Office	Allion Science and Technology Corporation	12.50020400	50020400	10012855	980,794
Air Force	Jacobs Technology Inc	12.50010000	50010000	10012861	42,609
Air Force	Mandaree Enterprise Corporation	12.50010000	50010000	10012865	69,634
Air Force Office of Scientific Res	Judd Strategic Technologies, LLC	12.50010105	50010105	10012879	115,237
Navy	MARK Resources, Inc	12.50040000	50040000	10012927	41,642
Navy	Coalescent Technologies Corporation	12.50040000	50040000	10012933	32,013
Air Force	Mesoscribe Technologies, Inc.	12.50010000	50010000	10012940	60
Air Force	Bioprocessing Innovative Co Inc	47.041	35000000	10020039	39,105
Nat Science Foundation	Bioprocessing Innovative Co Inc	47.041	35000306	10020039	(850)
NSF Div Design & Manufacturing Innovation	Bioprocessing Innovative Co Inc	10.40000000	40000000	10020039	11,335
US Department of Agriculture	Bioprocessing Innovative Co Inc	10.40040200	40040200	10020039	42,650
USDA Agricultural Res Service	Bioprocessing Innovative Co Inc	93.64000000	64000000	10020062	(10,404)
National Institutes of Health	Biomec, Inc	12.50010000	50010000	10020096	106,922
Air Force	Innovative Scientific Solutions Inc	12.50010126	50010126	10020096	(9,295)
Air Force Research Laboratory	Innovative Scientific Solutions Inc	12.50010105	50010105	10020102	536
Air Force Office of Scientific Res	Hyper Tech Res Inc	81.049	55000000	10020102	99,632
US Department of Energy	Hyper Tech Res Inc	93.286	64000000	10020102	104,814
National Institutes of Health	Hyper Tech Res Inc	93.64000028	64000028	10020102	126,783
Nat In Biomedical Imaging&Bioengineering	Hyper Tech Res Inc	81.049	55000000	10020103	83,443
US Department of Energy	Global Res & Dev Inc	47.041	35000000	10020129	26,126
Nat Science Foundation	Metamateria Partners, LLC	93.847	60000000	10020162	10,960
US Department of Health & Human Services	EnteraTech, Inc	93.64000000	64000000	10020162	(2,571)
National Institutes of Health	EnteraTech, Inc	47.041	35000000	10020164	41,694
Nat Science Foundation	BioLOC, LLC	12.50040300	50040300	10020182	86
Office of Naval Res	DJW Technology, LLC	12.50010126	50010126	10020184	394,704
Air Force Research Laboratory	MacAulay-Brown, Inc	12.50010000	50010000	10020202	25,809
Air Force	BerrieHill Research Corp				

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Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	2008 Expenditures
Air Force Research Laboratory	RBS Technologies, LLC	12.50010126	50010126	10020203	\$ 29,934
Air Force Research Laboratory	Spectral Energies, LLC	12.800	50010126	10020205	19,936
NASA Headquarters	BAE Systems	43.33000105	33000105	10030070	56,332
National Institutes of Health	NanoMed Pharmaceuticals, Inc	93.213	64000000	10040148	40,357
Agency for Healthcare Res & Quality	Research Institute at Nationwide Childrn	93.226	60041200	20010182	7,021
National Institutes of Health	Research Institute at Nationwide Childrn	93.865	64000000	20010182	8,096
National Institutes of Health	Research Institute at Nationwide Childrn	93.173	64000000	20010182	234,116
National Cancer Institute	Research Institute at Nationwide Childrn	93.395	64000002	20010182	7,523
Nat Inst Neurological Disorders & Stroke	Research Institute at Nationwide Childrn	93.853	64000008	20010182	41,167
National Institute of Mental Health	Research Institute at Nationwide Childrn	93.242	64000021	20010182	9,829
Centers for Disease Control & Prevention	Research Institute at Nationwide Childrn	93.262	66000000	20010182	10,172
National Cancer Institute	Mayo Fdn for Medical Educ & Res	93.395	64000002	20010289	101,934
Nat Inst Neurological Disorders & Stroke	Research Institute at Nationwide Childrn	93.853	64000008	20010289	(18,603)
Army Medical Res & Materiel Command	Mayo Fdn for Medical Educ & Res	12.420	50020301	20010421	91,391
National Institutes of Health	Cleveland Clinic Fdn	93.395	64000000	20010421	52,951
National Institutes of Health	Cleveland Clinic Fdn	93.855	64000000	20010421	96,960
National Cancer Institute	Cleveland Clinic Fdn	93.396	64000002	20010421	38,053
Nat In Diabetes&Digestive&KidneyDiseases	Cleveland Clinic Fdn	93.849	64000005	20010421	32,125
Nat In Biomedical Imaging&Bioengineering	Cleveland Clinic Fdn	93.286	64000028	20010421	41,847
US Department of State	US Civ Res & Dev Fdn for Ind Sts of FSU	47.075	80000000	20010480	107
National Cancer Institute	NSABP Fdn Inc	93.395	64000002	20010527	46,363
National Cancer Institute	Fdn for the Children's Oncology G	93.64000002	64000002	20010553	(9,506)
National Cancer Institute	Fdn for the Children's Oncology G	93.395	64000002	20010553	72,582
Nat Science Foundation	The Shodor Educ Fdn, Inc	47.076	35000000	20012131	47,086
Army	Henry M Jackson Fdn for the Advn Mil Med	12.420	50020000	20012161	150,739
Uniformed Services Univ Health Sci's	Henry M Jackson Fdn for the Advn Mil Med	12.50190000	50190000	20012161	50,047
Nat Aeronautics & Space Admin	Battelle Memorial Inst	43.33000000	33000000	20020012	10,622
Army	Battelle Memorial Inst	12.50020000	50020000	20020012	(274)
Army Tank Command	Battelle Memorial Inst	12.630	50020204	20020012	198
Navy	Battelle Memorial Inst	12.50040000	50040000	20020012	88,038
US Department of Energy	Battelle Memorial Inst	81.089	55000000	20020012	110,995
US Department of Energy	Battelle Memorial Inst	81.55000000	55000000	20020012	302,052
National Cancer Institute	Battelle Memorial Inst	93.395	64000002	20020024	72,471
National Heart, Lung, and Blood Inst	Gynecologic Oncology Group	93.838	64000003	20020041	85,743
Small Business Administration	Am Lung Assn	59.037	30140000	20020062	37,851
Agency for Intl Dev	Ohio Business Dev Org	98.30300100	30300100	20020078	34,604
Agency for Intl Dev	Am Cncl on Educ	98.012	30300100	20020078	248,758
Army Aviation Applied Tech Directorate	Am Cncl on Educ	12.300	50020218	20020103	20,330
Environmental Protection Agency	Ctr for Rotorcraft Innovation	66.950	32000000	20020425	3,501
	National Audubon Society, Inc				

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Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	2008 Expenditures
US Department of Homeland Security	Nat Asc Regulatory Utility Comsmns	97.080	86000000	20020515	\$ 4,861
Office of Naval Res	Woods Hole Oceanographic Inst	12.300	50040300	20020744	38,289
Environmental Protection Agency	Health Effects Institute	66.001	32000000	20020758	32,812
Nat Aeronautics & Space Admin	Univ Corp for Atmospheric Res	43.002	33000000	20020793	9,957
NSF Div Atmospheric Sciences	Univ Corp for Atmospheric Res	47.050	35000401	20020793	302,819
National Cancer Institute	Am Coll of Radiology	93.395	64000002	20020917	5,312
Bureau of Labor Statistics	Nat Opinion Res Ctr	17.76050000	76050000	20020932	2,353,141
Nat Aeronautics & Space Admin	Space Telescope Sci Inst	43.33000000	33000000	20021006	200,465
Maternal & Child Health Bureau	Hemophilia Fdn of Michigan	93.110	65000005	20021026	7,408
Centers for Disease Control & Prevention	Hemophilia Fdn of Michigan	93.283	66000000	20021026	31,915
US Department of Agriculture	Great Lakes Comsn	10.902	40000000	20021027	15,272
USDA Agricultural Res Service	Great Lakes Comsn	10.802	40040200	20021027	33,735
Nat Oceanic & Atmospheric Admin	Great Lakes Comsn	11.417	42020000	20021027	96
Environmental Protection Agency	Consortium Plant Biotechnology Res Inc	66.500	32000000	20021036	53,926
US Department of Energy	Consortium Plant Biotechnology Res Inc	81.087	55000000	20021036	52,000
Navy	Ohio Aerospace Inst	12.50040000	50040000	20021048	116,828
US Department of Energy	Pacific Northwest National Laboratory	81.55000000	55000000	20021070	152,931
Nat Science Foundation	Am Museum of Natural History	47.070	35000000	20021138	4,008
Defense Advanced Res Projects Agency	Am Museum of Natural History	12.431	50060000	20021138	193,718
National Heart, Lung, and Blood Inst	Brigham & Women's Hosp Inc	93.837	64000003	20021152	12,396
Nat Inst Neurological Disorders & Stroke	Brigham & Women's Hosp Inc	93.853	64000008	20021152	26,900
US Department of Education	Educ Dev Ctr Inc	93.647	53000000	20021328	6,606
Nat Inst Child Health & Human Development	Rand Corp	93.865	64000006	20021340	2,743,373
National Institute on Aging	Rand Corp	93.393	64000015	20021340	(3,487)
US Department of Education	Rehabilitation Institute Of Chicago	84.133	53000000	20021341	34,494
Centers for Disease Control & Prevention	Assn of Schools of Public Health	93.283	66000000	20021358	101,386
National Heart, Lung, and Blood Inst	Nat Jewish Medical Ctr	93.395	64000003	20021369	(17,032)
National Cancer Institute	John Wayne Cancer Inst	93.395	64000002	20021377	381
US Department of Education	Nat Writing Project Corp	84.928	53000000	20021378	95,964
National Eye Institute	Jaeb Ctr for Health Res	93.867	64000011	20021387	14,214
US Department of Energy	Gas Tech Inst	81.55000000	55000000	20021447	55,276
US Department of Defense	Concurrent Technologies Corp	12.50000000	50000000	20021460	62,640
US Department of Education	Universities Res Assn Inc	81.089	53000000	20021485	94,627
US Department of Energy	Universities Res Assn Inc	81.55000000	55000000	20021485	4,953
US Department of Energy	UT-Battelle LLC	81.55000000	55000000	20021486	(14)
US Department of Energy	UT-Battelle LLC	81.121	55000000	20021486	7,155
National Cancer Institute	Rhode Island Hospital	93.399	64000002	20021502	18,561
Nat In Diabetes&Digestive&KidneyDiseases	Rhode Island Hospital	93.64000005	64000005	20021502	61,231
Nat Inst Neurological Disorders & Stroke	Rhode Island Hospital	93.64000008	64000008	20021502	(23)

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Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	2008 Expenditures
Nat In Arthritis&Musculoskeletal&Skin Ds Agency for Intl Dev	Tufts-New England Medical Ctr	93.846	64000019	20021543	\$ 27,823
Nat Inst Disability & Rehabilitation Res Public Health Service	International Center For Tropical Ag Institute for Rehabilitation & Research	98.30300100	30300100	20021554	(14)
Air Force	Nat Marrow Donor Prog	84.224	53050300	20021559	67,461
Air Force Research Laboratory	Wright Brothers Inst, Inc	93.839	60040000	20021576	16,946
National Cancer Institute	Wright Brothers Inst, Inc	12.800	50010000	20021585	70,001
Environmental Protection Agency	Massachusetts General Hospital	93.395	50010126	20021587	317,651
Nat Science Foundation	Midwest Technology Assistance Center	66.32000000	64000002	20021592	281,335
US Department of Energy	Consortium for Ocean Leadership, Inc	47.050	32000000	20021592	164
US Department of Energy	Brookhaven Sci Assoc, LLC	81.55000000	35000000	20021599	15,755
National Heart, Lung, and Blood Inst	Brookhaven Sci Assoc, LLC	81.049	55000000	20021624	43,828
US Department of Energy	Cincinnati Children's Hos Med Ctr	93.839	55000000	20021624	55,428
US Department of Energy	Battelle Energy Alliance, LLC	81.55000000	64000003	20021628	(1,253)
Air Force Office of Scientific Res	Battelle Energy Alliance, LLC	81.049	55000000	20021641	35,129
Air Force Office of Scientific Res	Advanced Virtual Engine Test Cell, Inc	12.800	50010105	20021654	122,192
US Department of Defense	Advanced Virtual Engine Test Cell, Inc	12.50000000	50010105	20021654	(296,466)
Coop State Res Educ & Extension Service	Institute of International Education	10.206	50000000	20021662	794,049
National Cancer Institute	Nat Center for Genome Resources	98.012	40040100	20021678	1,735,229
National Institutes of Health	Higher Education for Development	93.399	30300100	20021686	11,954
Nat Science Foundation	Group Health Center for Health Studies	93.867	64000002	20021698	64,598
Nat Oceanic & Atmospheric Admin	Legacy Good Samaritan Devers Eye Inst	47.076	64000000	20021700	29,376
US Department of Energy	Association for Institutional Research	11.419	35000000	20021711	3,695
Social Security Admin	Chagrin River Watershed Partners, Inc	81.55000000	42020000	20021715	15,065
National Park Service	UChicago Argonne, LLC	93.60030000	55000000	20021718	52,628
Army Res Office	Assoc of Univ Centers on Disabilities	19.504	60030000	20021719	78,194
US Department of Energy	Ohio Historical Society	47.074	72070000	20021752	173,392
Nat Science Foundation	Massachusetts Inst Tech	12.431	35000000	22000001	256
US Department of Energy	Massachusetts Inst Tech	81.121	50020400	22000001	70,193
Nat Science Foundation	Massachusetts Inst Tech	47.070	55000000	22000001	118,196
NSF Div of Computer & Network Systems	Purdue Univ	47.070	35000000	22000002	139,445
US Department of Agriculture	Purdue Univ	47.070	35000000	22000002	82,385
US Department of Agriculture	Purdue Univ	10.206	35000000	22000002	0
Coop State Res Educ & Extension Service	Purdue Univ	10.217	35000207	22000002	7,643
Coop State Res Educ & Extension Service	Purdue Univ	10.206	40000000	22000002	19,882
USDA Agricultural Res Service	Purdue Univ	10.200	40040100	22000002	27,426
US Department of Energy	Purdue Univ	10.303	40040100	22000002	7,233
US Department of Energy	Purdue Univ	81.55000000	40040200	22000002	21,926
US Department of Energy	Purdue Univ	81.121	55000000	22000002	46,745
US Department of Energy	Purdue Univ	81.121	55000000	22000002	3,174
US Department of Energy	Purdue Univ	81.121	55000000	22000002	47,754

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Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	2008 Expenditures
National Institutes of Health	Purdue Univ	93.173	64000000	22000002	\$ 193,700
National Cancer Institute	Purdue Univ	93.393	64000002	22000002	43,145
National Cancer Institute	Purdue Univ	93.399	64000002	22000002	224,230
US Department of Transportation	Purdue Univ	20.82000000	82000000	22000002	80,097
US Department of Agriculture	Rutgers Univ	10.303	40000000	22000003	5,874
National Cancer Institute	Rutgers Univ	93.399	64000002	22000003	37,735
National Institutes of Health	Univ of Medic & Dentistry of New Jersey	93.879	64000000	22000004	60,731
Nat. Aeronautics & Space Admin	Univ of Michigan	43.002	33000000	22000005	371
Nat. Aeronautics & Space Admin	Univ of Michigan	43.002	33000000	22000005	88,412
Nat Science Foundation	Univ of Michigan	47.076	35000000	22000005	30,529
NSF Social, Behavioral & Economic Sci	Univ of Michigan	47.075	35000800	22000005	37,210
Nat Oceanic & Atmospheric Admin	Univ of Michigan	11.432	42020000	22000005	(35)
Nat Oceanic & Atmospheric Admin	Univ of Michigan	11.417	42020000	22000005	88,426
Air Force Research Laboratory	Univ of Michigan	12.800	50010126	22000005	8,852
Office of Naval Res	Univ of Michigan	12.300	50040300	22000005	69,775
National Institutes of Health	Univ of Michigan	93.853	64000000	22000005	57,642
Nat In Biomedical Imaging&Bioengineering	Univ of Michigan	93.286	64000028	22000005	126,855
US Department of Agriculture	Univ of Wisconsin	10.303	40000000	22000006	54,536
National Institutes of Health	Univ of Wisconsin	93.865	64000000	22000006	107,086
Nat In Deafness&Other Commcnctn Disorders	Univ of Wisconsin	93.173	64000020	22000006	61,812
US Department of Defense	Univ of Dayton	12.800	50000000	22000008	622
Agency for Intl Dev	Univ of Illinois	98.30300100	30300100	22000009	394
NASA Headquarters	Univ of Illinois	43.33000105	33000105	22000009	66,797
US Department of Agriculture	Univ of Illinois	10.200	40000000	22000009	(652)
USDA Agricultural Res Service	Univ of Illinois	10.40040200	40040200	22000009	29,171
Natural Resources Conservation Service	Univ of Illinois	10.902	40060000	22000009	20,956
USDA Extension Service (USDA)	Univ of Illinois	10.217	40140000	22000009	7,789
US Department of Energy	Univ of Illinois	81.086	55000000	22000009	8,819
National Institutes of Health	Univ of Illinois	93.865	64000000	22000009	9,380
National Institutes of Health	Univ of Illinois	93.859	64000000	22000009	55,630
National Cancer Institute	Univ of Illinois	93.393	64000002	22000009	72,152
Coop State Res Educ & Extension Service	Univ of Tennessee	10.206	40040100	22000010	12,585
National Institutes of Health	Univ of Tennessee	93.849	64000000	22000010	14,548
Nat Science Foundation	Univ of California	47.049	35000000	22000011	58,580
NSF Div Undergraduate Education	Univ of California	47.076	35000605	22000011	44,959
Office of Naval Res	Univ of California	12.800	50040300	22000011	(141)
Office of Naval Res	Univ of California	12.300	50040300	22000011	87,013
US Department of Energy	Univ of California	81.049	55000000	22000011	5,857
US Department of Energy	Univ of California	81.121	55000000	22000011	47,245

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Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	2008 Expenditures
US Department of Energy	Univ of California	81.55000000	55000000	22000011	\$ 90,134
Nat Inst of Allergy & Infectious Diseases	Indiana Univ	93.855	64000004	22000012	56,259
Nat Science Foundation	Univ of California-Davis	47.049	35000000	22000013	12,541
Nat Science Foundation	Univ of California-Davis	47.070	35000000	22000013	76,691
US Department of Agriculture	Univ of California-Davis	10.206	40000000	22000013	70,013
Institute of Education Sciences	Univ of Chicago	84.305	53020000	22000018	96,177
National Institutes of Health	Univ of Chicago	93.395	64000000	22000018	53,341
National Cancer Institute	Univ of Chicago	93.393	64000002	22000018	1,492
National Cancer Institute	Univ of Chicago	93.399	64000002	22000018	85,425
National Cancer Institute	Univ of Chicago	93.394	64000002	22000018	281,584
Nat In Arthritis & Musculoskeletal & Skin Ds	Univ of Chicago	93.395	64000002	22000018	1,307,360
Nat Inst of Allergy & Infectious Diseases	Univ of Chicago	93.856	64000004	22000018	621,788
National Institute on Aging	Univ of Chicago	93.866	64000015	22000018	1,509
Agency for Intl Dev	Virginia Polytechnic Inst	98.30300100	30300100	22000023	(9,670)
Agency for Intl Dev	Virginia Polytechnic Inst	98.001	30300100	22000023	361,804
NSF Biological Instrumentatio&Resources	Virginia Polytechnic Inst	47.074	35000101	22000023	56,697
Nat In Arthritis&Musculoskeletal&Skin Ds	Virginia Polytechnic Inst	93.846	64000019	22000023	1,306
Army Aviation Applied Tech Directorate	Pennsylvania State Univ	12.630	50020218	22000030	88,290
Army Res Office	Pennsylvania State Univ	12.431	50020400	22000030	54,312
Office of Naval Res	Pennsylvania State Univ	12.300	50040300	22000030	116,513
US Department of Energy	Pennsylvania State Univ	81.114	55000000	22000030	213,493
National Institutes of Health	Pennsylvania State Univ	93.172	64000000	22000030	64,984
Nat Inst of Allergy & Infectious Diseases	Pennsylvania State Univ	93.856	64000004	22000030	27,309
National Human Genome Research Institute	Pennsylvania State Univ	93.172	64000026	22000030	(2,010)
US Department of Energy	West Virginia Univ	81.55000000	55000000	22000032	60,899
National Cancer Institute	Wayne State Univ	93.64000002	64000002	22000034	141,098
National Institutes of Health	Univ of Pittsburgh	93.837	64000000	22000036	1,385
National Heart, Lung, and Blood Inst	Univ of Pittsburgh	93.849	64000003	22000036	38,841
US Department of Energy	Univ Of Colorado	81.049	55000000	22000039	20,767
Nat In Arthritis&Musculoskeletal&Skin Ds	Northwestern Univ	93.846	64000019	22000041	27,955
NSF Biological Instrumentatio&Resources	Michigan State Univ	47.074	35000101	22000044	97,437
US Department of Agriculture	Michigan State Univ	10.771	40000000	22000044	(191)
US Department of Agriculture	Michigan State Univ	10.303	40000000	22000044	11,054
US Department of Agriculture	Michigan State Univ	10.217	40000000	22000044	11,475
US Department of Agriculture	Michigan State Univ	10.206	40000000	22000044	18,177
US Department of Agriculture	Michigan State Univ	10.500	40000000	22000044	36,964
US Department of Agriculture	Michigan State Univ	10.200	40000000	22000044	102,992
Coop State Res Educ & Extension Service	Michigan State Univ	10.303	40040100	22000044	(10,143)
Coop State Res Educ & Extension Service	Michigan State Univ	10.200	40040100	22000044	6,068

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Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	2008 Expenditures
Coop State Res Educ & Extension Service	Michigan State Univ	10.206	40040100	22000044	\$ 24,620
Coop State Res Educ & Extension Service	Michigan State Univ	10.304	40040100	22000044	45,589
USDA Agricultural Res Service	Michigan State Univ	10.001	40040200	22000044	5,293
USDA Agricultural Res Service	Michigan State Univ	10.206	40040200	22000044	18,303
USDA Agricultural Res Service	Michigan State Univ	10.200	40040200	22000044	20,065
USDA Risk Management Agency	Michigan State Univ	10.457	40180000	22000044	20,453
Coop State Res Educ & Extension Service	Iowa State Univ	10.203	40040100	22000047	25,350
Coop State Res Educ & Extension Service	Iowa State Univ	10.200	40040100	22000047	97,837
USDA Agricultural Res Service	Iowa State Univ	10.203	40040200	22000047	28,703
Coop State Res Educ & Extension Service	Univ of Maine at Orono	10.200	40040100	22000048	6,063
NSF Integrative Organismal Biology	Miami Univ	47.074	35000102	22000049	53,690
USDA Agricultural Res Service	Miami Univ	10.206	40040200	22000049	61,582
Nat Science Foundation	Carnegie-Mellon Univ	47.041	35000000	22000051	7,197
Coop State Res Educ & Extension Service	Texas A & M Univ	10.40040100	40040100	22000053	4,625
US Department of Energy	Texas A & M Univ	81.121	55000000	22000053	8,139
Jet Propulsion Lab	California Inst of Tech	43.002	33000303	22000054	69,487
Jet Propulsion Lab	California Inst of Tech	43.33000303	33000303	22000054	124,469
Coop State Res Educ & Extension Service	Southern Illinois Univ	10.200	40040100	22000055	25,041
National Cancer Institute	Univ of New Mexico	93.846	64000002	22000056	(1,158)
Nat Inst of Dental & Craniofacial Res	Univ of New Mexico	93.121	64000012	22000056	(2,072)
US Department of Agriculture	Kansas State Univ	10.200	40000000	22000062	(13,633)
US Department of Transportation	The University of Akron	20.701	82000000	22000066	3,863
Nat Science Foundation	Univ of Minnesota	47.070	35000000	22000067	29,255
NSF Div Res, Evaluation & Communication	Univ of Minnesota	47.041	35000000	22000067	39,365
Coop State Res Educ & Extension Service	Univ of Minnesota	47.076	35000062	22000067	6,624
Coop State Res Educ & Extension Service	Univ of Minnesota	10.303	40040100	22000067	2,177
Ofc Vocational & Adult Education Progrms	Univ of Minnesota	10.200	40040100	22000067	31,266
National Institutes of Health	Univ of Minnesota	84.051	53060000	22000067	840
National Cancer Institute	Univ of Minnesota	93.837	64000000	22000067	40,351
Nat Inst of Allergy & Infectious Diseases	Univ of Minnesota	93.395	64000002	22000067	39,013
Nat In Diabetes&Digestive&KidneyDiseases	Univ of Minnesota	93.856	64000004	22000067	(1,857)
NSF Integrative Organismal Biology	Univ of Minnesota	93.849	64000005	22000067	42,309
Coop State Res Educ & Extension Service	Univ of Missouri	47.074	35000102	22000073	36,991
Coop State Res Educ & Extension Service	Univ of Missouri	10.303	40040100	22000073	11,449
Coop State Res Educ & Extension Service	Univ of Missouri	10.206	40040100	22000073	25,060
Nat Inst Gen Medical Scis	Univ of Missouri	93.859	64000007	22000073	28,476
US Department of Labor	Univ of Missouri	17.261	76000000	22000073	17,582
Institute Of Museum And Library Services	Univ of Cincinnati	45.310	30510000	22000074	47,878
NSF Integrative Organismal Biology	Univ of Cincinnati	47.074	35000102	22000074	833

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	2008 Expenditures
Health Resources & Services Admin	Univ of Cincinnati	93.877	65000000	22000074	\$ 627
Office of Naval Res	Univ of Connecticut	12.300	50040300	22000076	(16)
Coop State Res Educ & Extension Service	Cornell Univ	10.200	40040100	22000081	(1,500)
Nat Inst of Allergy & Infectious Diseases	Cornell Univ	93.855	64000004	22000081	10,549
Agency for Intl Dev	Univ of Nebraska	98.30300100	30300100	22000085	3,785
NSF Ofc Polar Programs	Univ of Nebraska	47.078	35000404	22000085	128,206
US Department of Agriculture	Univ of Nebraska	10.200	40000000	22000085	29,467
Coop State Res Educ & Extension Service	Univ of Nebraska	10.200	40040100	22000085	59,846
Nat Inst Occupational Safety & Health	Univ of Nebraska	93.262	66000001	22000085	30,731
US Department of Education	Wright State Univ	84.133	53000000	22000087	107,280
Nat Inst Neurological Disorders & Stroke	Yale Univ	93.853	64000008	22000088	1,455
NSF Ofc Polar Programs	Portland State Univ	47.078	35000404	22000089	52,942
National Institutes of Health	Duke Univ	93.64000000	64000000	22000094	141
National Heart, Lung, and Blood Inst	Duke Univ	93.837	64000003	22000094	11,154
National Heart, Lung, and Blood Inst	Duke Univ	93.64000003	64000003	22000094	48,408
National Institute on Aging	Duke Univ	93.64000015	64000015	22000094	11,803
National Institute of Mental Health	Duke Univ	93.64000021	64000021	22000094	13,373
Agency for Intl Dev	Oregon State Univ	10.965	30300100	22000103	74,222
National Cancer Institute	Oregon State Univ	93.393	64000002	22000103	6,085
National Institutes of Health	Univ of Florida	93.853	64000000	22000108	5,572
National Institutes of Health	Univ of Florida	93.838	64000000	22000108	17,088
National Heart, Lung, and Blood Inst	Univ of Florida	93.837	64000003	22000108	50,244
National Eye Institute	Univ of Florida	93.867	64000011	22000108	40,390
Nat Science Foundation	Arizona State Univ	47.049	35000000	22000109	29,946
US Department of Energy	Arizona State Univ	81.087	55000000	22000109	40,253
Coop State Res Educ & Extension Service	Colorado State Univ	10.303	40040100	22000110	22,012
Coop State Res Educ & Extension Service	Colorado State Univ	10.217	40040100	22000110	39,765
Nat Science Foundation	Central State Univ	47.070	35000000	22000111	(3,292)
US Department of Defense	New Mexico Institute of Mining & Tech	12.50000000	50000000	22000114	28,877
Nat Inst Neurological Disorders & Stroke	Loyola Univ of Chicago	93.853	64000008	22000115	49,564
Nat Science Foundation	Univ of Maryland	47.074	35000000	22000120	117,477
Coop State Res Educ & Extension Service	Univ of Maryland	10.206	40040100	22000120	339,907
USDA Extension Service (USDA)	Univ of Maryland	10.206	40140000	22000120	112,884
Army Res Office	Univ of Maryland	12.431	50020400	22000120	189,028
Office of Naval Res	Univ of Maryland	12.300	50040300	22000120	79,200
US Department of Energy	Univ of Maryland	81.55000000	55000000	22000120	46,374
NSF Integrative Organismal Biology	Denison Univ	47.074	35000102	22000128	(823)
Nat Inst Child Health & Human Development	Ohio University	93.865	64000006	22000130	49,795
Nat Inst Gen Medical Scis	Ohio University	93.859	64000007	22000130	187,315

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	2008 Expenditures
US Department of Energy	Johns Hopkins Univ	81.049	55000000	22000133	\$ 58,332
National Institutes of Health	Johns Hopkins Univ	93.242	64000000	22000133	20,372
National Institutes of Health	Johns Hopkins Univ	93.855	64000000	22000133	53,512
National Heart, Lung, and Blood Inst	Johns Hopkins Univ	93.837	64000003	22000133	900,686
Nat Inst Child Health & Human Development	Columbia Univ	93.864	64000006	22000135	39,475
NSF Biological Infrastructure	North Carolina State Univ	47.074	35000107	22000136	253,142
US Department of Agriculture	North Carolina State Univ	10.500	40000000	22000136	(7,602)
Coop State Res Educ & Extension Service	North Carolina State Univ	10.500	40040100	22000136	1,617
Coop State Res Educ & Extension Service	North Carolina State Univ	10.500	40040100	22000136	24,316
Coop State Res Educ & Extension Service	North Carolina State Univ	10.206	40040100	22000136	36,077
Nat Inst of Dental & Craniofacial Res	Univ of Iowa	93.121	64000012	22000137	25,955
Environmental Protection Agency	Univ of Delaware	66.500	32000000	22000138	(7)
Nat Science Foundation	Univ of Delaware	47.074	35000000	22000138	97,942
NSF Biological Instrumentatio&Resources	Univ of Delaware	47.074	35000101	22000138	96,113
Army	Stanford Univ	12.431	50020000	22000142	(1,086)
National Institutes of Health	Stanford Univ	93.393	64000000	22000142	7,658
Nat Science Foundation	Univ of Kentucky	47.070	35000000	22000143	128,065
National Cancer Institute	Univ of Kentucky	93.399	64000002	22000143	(374)
National Institute of Nursing Research	Univ of Kentucky	93.361	64000018	22000143	10,366
Agency for Intl Dev	Univ of Georgia	98.30300100	30300100	22000144	(1,467)
US Department of Agriculture	Univ of North Carolina	10.206	40000000	22000146	1,701
National Cancer Institute	Univ of North Carolina	93.393	64000002	22000146	13,063
National Heart, Lung, and Blood Inst	Univ of North Carolina	93.837	64000003	22000146	48,457
Nat Inst of Allergy & Infectious Diseases	Univ of North Carolina	93.855	64000004	22000146	178,820
Nat In Diabetes&Digestive&KidneyDiseases	Univ of North Carolina	93.848	64000005	22000146	34,541
Nat Inst Gen Medical Scis	Univ of North Carolina	93.859	64000007	22000146	123,923
National Institutes of Health	Harvard Univ	93.393	64000000	22000169	16,231
National Heart, Lung, and Blood Inst	Harvard Univ	93.837	64000003	22000169	27,564
NSF Div Info Robotics&Intelligent Systms	Georgia Inst of Tech	47.070	35000203	22000189	62,044
US Department of Energy	Univ of Rochester	81.55000000	55000000	22000193	135,050
National Institutes of Health	Univ of Rochester	93.172	64000000	22000193	791
National Heart, Lung, and Blood Inst	Univ of Rochester	93.837	64000003	22000193	1,420
National Eye Institute	Univ of Pennsylvania	93.867	64000011	22000195	(66,921)
Coop State Res Educ & Extension Service	Mississippi State Univ	10.206	40040100	22000196	32,547
USDA Agricultural Res Service	Mississippi State Univ	10.206	40040200	22000196	16,787
US Department of Defense	Mississippi State Univ	12.50000000	50000000	22000196	2,388,644
US Department of Energy	Mississippi State Univ	81.049	55000000	22000196	18,246
US Department of Labor	Mississippi State Univ	17.261	76000000	22000196	21,271
Nat Science Foundation	Lorain County Community College	47.076	35000000	22000199	16,413

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	2008 Expenditures
US Department of Education	Univ of Virginia	84.305	53000000	22000203	\$ 130,598
Air Force Research Laboratory	Univ of Southern California	12.300	50010126	22000206	1,769
US Geological Survey	Univ of Southern California	15.807	72040000	22000206	13,227
Nat Inst Child Health & Human Development	Univ of Alabama at Birmingham	93.865	64000006	22000207	47,590
Nat Inst Gen Medical Scis	Univ of Alabama at Birmingham	93.859	64000007	22000207	284,799
National Cancer Institute	Washington Univ	93.393	64000002	22000209	35,331
National Cancer Institute	Washington Univ	93.64000002	64000002	22000209	107,016
Nat Inst of Allergy & Infectious Diseases	Washington Univ	93.855	64000004	22000209	20,279
National Eye Institute	Washington Univ	93.867	64000011	22000209	13,856
National Cancer Institute	Medical University of Ohio	93.64000002	64000002	22000210	(2,959)
US Department of Energy	Univ of Washington	81.049	55000000	22000212	66,611
National Institutes of Health	Univ of Washington	93.846	64000000	22000212	30,374
Nat Inst Child Health & Human Development	Univ of Washington	93.846	64000006	22000212	151,809
National Institute on Drug Abuse	Univ of Washington	93.279	64000022	22000212	31,358
US Department of Energy	Michigan Technological Univ	81.049	55000000	22000214	93,509
Nat Science Foundation	University Of Kansas	47.078	35000000	22000219	443,690
Air Force	Mass Inst Technology-Lincoln Lab	12.50010000	50010000	22000228	380
Army Res Office	Rice University	12.431	50020400	22000231	102,995
National Institutes of Health	Kent State Univ	93.630	64000000	22000235	15,000
US Department of Energy	Case Western Reserve Univ	81.000	55000000	22000238	272,854
National Cancer Institute	Case Western Reserve Univ	93.393	64000002	22000238	46,995
National Heart, Lung, and Blood Inst	Case Western Reserve Univ	93.839	64000003	22000238	35,940
National Heart, Lung, and Blood Inst	Case Western Reserve Univ	93.839	64000003	22000238	456,188
Coop State Res Educ & Extension Service	Univ of Arkansas	10.206	40040100	22000239	86,110
Nat Inst Neurological Disorders & Stroke	Univ of Arkansas	93.853	64000008	22000239	46,824
National Institute on Aging	Univ of Arkansas	93.856	64000015	22000239	58,067
Goddard Space Flight Center	University at Buffalo	43.002	33000301	22000240	86,550
National Institutes of Health	Eastern Virginia Medical School	93.865	64000000	22000243	28,438
Nat Inst Child Health & Human Development	Eastern Virginia Medical School	93.64000006	64000006	22000243	(7,924)
John Glenn Research Center-Lewis Field	Georgia Tech Res Inst	43.001	33000104	22000245	748,753
Nat Inst Neurological Disorders & Stroke	Oregon Health Sciences University	93.64000008	64000008	22000252	1,438
Air Force Office of Scientific Res	Brigham Young Univ	12.800	50010105	22000260	51,832
US Department of Energy	Brigham Young Univ	81.089	55000000	22000260	80,493
USDA Agricultural Res Service	South Dakota State Univ	10.203	40040200	22000262	21,466
Air Force Office of Scientific Res	North Dakota State Univ	12.800	50010105	22000263	65,573
NSF Mathematical & Physical Sciences	Univ of California at Los Angeles	47.049	35000500	22000269	240,981
Nat In Diabetes&KidneyDiseases	Univ of California at Los Angeles	93.848	64000005	22000269	41,210
Nat Inst Child Health & Human Development	Univ of California at Los Angeles	93.865	64000006	22000269	(18,345)
Nat Inst Gen Medical Scis	Univ of California at Los Angeles	93.859	64000007	22000269	148,649

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	2008 Expenditures
Nat Aeronautics & Space Admin	Research Corp of the Univ of Hawaii	43.33000000	33000000	22000271	\$ 18,970
Nat Science Foundation	Inst for Advanced Study	47.049	35000000	22000273	1,631
Coop State Res Educ & Extension Service	Univ of Massachusetts - Amherst	10.206	40040100	22000274	1,442
USDA Agricultural Res Service	University Of Toledo	10.254	40040200	22000277	12,058
USDA Agricultural Res Service	University Of Toledo	10.40040200	40040200	22000277	26,838
National Heart, Lung, and Blood Inst	Wake Forest Univ	93.64000003	64000003	22000286	17,627
National Institute on Aging	Wake Forest Univ	93.64000015	64000015	22000286	24,764
National Cancer Institute	Univ of California at San Diego	10.212	64000002	22000288	8,107
National Cancer Institute	Univ of California at San Diego	93.395	64000002	22000288	606,288
National Institute on Aging	Univ of California at San Diego	93.866	64000015	22000288	196,529
Nat Science Foundation	Princeton Univ	47.049	35000000	22000289	37,066
Coop State Res Educ & Extension Service	Univ of California at Berkeley	10.200	40040100	22000294	5,845
Nat Inst of Allergy & Infectious Diseases	Univ of California at Berkeley	93.855	64000004	22000294	24,788
National Institutes of Health	Emory Univ	93.855	64000000	22000295	13,716
Nat In Arthritis&Musculoskeletal&Skin Ds	Vanderbilt Univ	93.846	64000019	22000296	1,280
NASA Headquarters	Rensselaer Polytechnic Inst	43.002	33000105	22000298	11,393
National Heart, Lung, and Blood Inst	Univ of Louisville	93.837	64000003	22000299	132,529
Coop State Res Educ & Extension Service	East Carolina Univ	10.303	40040100	22000304	88,858
US Department of Education	Univ of Oregon	84.327	53000000	22000308	16,169
National Institutes of Health	UT Southwestern Medical Center At Dallas	93.853	64000000	22000316	1,251
National Cancer Institute	Univ of California San Francisco	93.393	64000002	22000317	5,338
Nat Inst of Allergy & Infectious Diseases	Univ of California San Francisco	93.64000004	64000004	22000317	3,602
Nat Inst Gen Medical Scis	Univ of California San Francisco	93.859	64000007	22000317	100,466
Nat In Arthritis&Musculoskeletal&Skin Ds	Univ of California San Francisco	93.846	64000019	22000317	16,528
US Department of Education	Pennsylvania Coll of Optometry	84.325	53000000	22000322	32,421
National Institutes of Health	Univ Of Memphis	93.279	64000000	22000325	60,558
Nat Center for Research Resources	Univ of Texas Medical Branch at Galveston	93.389	64000010	22000327	18,404
Nat Science Foundation	Northeastern Univ	47.047	35000000	22000329	4,026
National Cancer Institute	Univ Of Texas Hlth Sci Ctr - San Antonio	93.399	64000002	22000330	(62)
Nat Inst Neurological Disorders & Stroke	Univ Of Texas Hlth Sci Ctr - San Antonio	93.853	64000008	22000330	12,732
NSF Ofc Polar Programs	Northern Illinois Univ	47.078	35000404	22000333	68,087
US Department of Energy	Thomas Jefferson Univ	81.049	55000000	22010026	31,466
National Cancer Institute	Thomas Jefferson Univ	93.396	64000002	22010026	292,557
Nat Inst of Allergy & Infectious Diseases	Mount Sinai Sch of Medicine	93.64000004	64000004	22010031	83,906
US Department of Defense	Indiana Univ-Purdue Univ Indianapolis	12.420	50000000	22010034	44,677
US Department of Energy	South Carolina State Univ	81.114	55000000	22010036	114,431
US Department of Energy	Medical Univ of South Carolina	81.114	55000000	22010038	90,835
National Cancer Institute	Univ of Texas M D Anderson Cancer Center	93.393	64000002	22010039	1,252
National Cancer Institute	Univ of Texas M D Anderson Cancer Center	93.395	64000002	22010039	179,390

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Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	2008 Expenditures
Nat Oceanic & Atmospheric Admin	Appalachian State Univ	11.433	42020000	22010042	\$ 8,092
NSF Education & Human Resources	Carleton College	47.076	35000600	22010044	334
Environmental Protection Agency	Morgan State Univ	66.32000000	32000000	22010050	8,624
US Department of Agriculture	Morgan State Univ	20.514	40000000	22010050	14,190
Agency for Intl Dev	Calvin College	98.30300100	30300100	22010072	1,952
US Department of Education	Colo Pub Schools	84.336	53000000	24000022	549,890
US Department of Education	Florida Department of Education	84.02	53000000	24000215	789,463
Environmental Protection Agency	Champaign County Commissioners	66.460	32000000	24000428	22,140
Environmental Protection Agency	Miami Conservancy District	66.439	32000000	24000476	13,336
Centers for Disease Control & Prevention	Cleveland Department of Public Health	93.945	66000000	24000482	99,812
US Department of Health & Human Services	Jackson County Job & Family Services	93.558	60000000	24000527	7,308
US Department of Transportation	OH Dept of Transportation	84.133	82000000	26010000	129,953
Federal Highway Administration	OH Dept of Transportation	20.200	82010000	26010000	38,267
Federal Highway Administration	OH Dept of Transportation	20.205	82010000	26010000	45,515
US Department of Education	OH Board of Regents	84.367	53000000	26060000	200
US Department of Education	OH Board of Regents	84.53000000	53000000	26060000	42,175
US Department of Education	OH Board of Regents	84.305	53000000	26060000	78,354
US Department of Education	OH Board of Regents	84.215	53000000	26060000	525,687
Ofc of Elementary & Secondary Education	OH Board of Regents	84.367	53030000	26060000	(25,926)
Health Resources & Services Admin	OH Board of Regents	93.887	65000000	26060000	275,928
US Department of Education	OH Dept of Educ	84.002	53000000	26080000	318
US Department of Education	OH Dept of Educ	84.287	53000000	26080000	3,014
US Department of Education	OH Dept of Educ	84.366	53000000	26080000	664,191
Ofc of Elementary & Secondary Education	OH Dept of Educ	84.367	53030000	26080000	(86)
Ofc of Elementary & Secondary Education	OH Dept of Educ	84.298	53030000	26080000	106,856
Ofc Vocational & Adult Education Programs	OH Dept of Educ	84.53060000	53060000	26080000	208
US Department of Education	OH Div of Career Technical & Adult Ed	84.243	53000000	26080100	369
US Department of Education	OH Div of Career Technical & Adult Ed	84.002	53000000	26080100	221,904
US Department of Education	OH Div of Career Technical & Adult Ed	84.048	53000000	26080100	381,280
Ofc Vocational & Adult Education Programs	OH Div of Career Technical & Adult Ed	84.243	53060000	26080100	187,971
US Department of Education	OH Office of Exceptional Children	84.027	53000000	26080300	1,094,039
Centers for Disease Control & Prevention	OH Dept of Health	93.283	66000000	26090000	5,307
US Fish and Wildlife Service	OH Division of Wildlife	15.611	72030000	26110100	553
US Fish and Wildlife Service	OH Division of Wildlife	15.605	72030000	26110100	5,475
US Fish and Wildlife Service	OH Division of Wildlife	15.611	72030000	26110100	265,631
US Fish and Wildlife Service	OH Division of Wildlife	15.605	72030000	26110100	1,418,569
US Department of Education	OH Dept Youth Services	84.371	53000000	26200000	382
US Department of Education	OH Dept Youth Services	84.371	53000000	26200000	225,870
USDA Agricultural Res Service	OH Department Of Agriculture	10.40040200	40040200	26390000	8,421

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Federal Agency Sponsor	Pass-Through Sponsor	CFDA No.	Sponsor ID	Pass-Through ID No.	2008 Expenditures
Substance Abuse & Mental Health Servs/Admin	OH Dept of Mental Health	93.243	60041400	26420000	\$ 305,837
US Department of Health & Human Services	OH Dept of Job & Family Services	93.558	60000000	26630000	2,433
US Department of Health & Human Services	OH Dept of Job & Family Services	93.575	60000000	26630000	110,214
Corp for Nat & Community Service	OH Community Service Council	94.006	31040001	26650000	142,737
Nat Aeronautics & Space Admin	Smithsonian Astrophysical Observatory	43.33000000	33000000	30060200	23,369
Nat Aeronautics & Space Admin	Smithsonian Astrophysical Observatory	43.002	33000000	30060200	37,415
NASA Headquarters	Smithsonian Astrophysical Observatory	43.33000105	33000105	30060200	30,652
NASA Headquarters	Jet Propulsion Lab	43.33000105	33000105	33000303	14,159
NASA Headquarters	Jet Propulsion Lab	43.002	33000105	33000303	211,666
Jet Propulsion Lab	Jet Propulsion Lab	43.002	33000303	33000303	1,194
Coop State Res Educ & Extension Service	Animal & Plant Health Inspection Service	10.025	40040100	40070000	17
US Department of Energy	Los Alamos Nat Lab	81.049	55000000	55050000	7,000
US Department of Energy	Los Alamos Nat Lab	81.55000000	55000000	55050000	59,601
US Department of Energy	Oak Ridge Nat Lab	81.55000000	55000000	55110000	28,421
National Cancer Institute	National Cancer Institute	93.398	64000002	64000002	63,454
					<u>51,413,021</u>
Subtotal pass-through from other sources					
Total Research and Development Cluster					<u>281,978,756</u>
Student Financial Aid Cluster:					
U.S. Department of Education:					
Supplemental Educational Opportunity Grants	84.007		P007A073341		1,260,101
College Workstudy Program	84.033		P007A073341		3,395,994
Federal Direct Student Loan	84.268		N/A		(15,427)
Pell Grant Program	84.063		P063P070343		30,170,728
Academic Competitiveness Grant	84.375		P375A070343		1,657,402
					<u>36,468,798</u>
Total U.S. Department of Education					
U.S. Department of Health and Human Services — National Math and Science	84.376		P376S070343		908,114
U.S. Department of Health and Human Services — SDS Award	93.925		6084209-03		196,010
					<u>37,572,922</u>
Total Student Financial Aid Cluster					
Other Programs:					
Funds Received Directly From the Following Federal Agencies:					
USDA — Grants For Agric Rsrch, Spec Rsrch Grants	10.200				\$ 103,179
USDA — Cooperative Forestry Research	10.202				429,955

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Federal Agency Sponsor	CFDA No.	Sponsor ID	2008 Expenditures
USDA — Payments to Agricultural Experiment Stations Under the Hatch Act	10.203		\$ 8,862,459
USDA — Animal Health and Disease Research	10.207		23,860
USDA — Education and Human Resources	10.303		5,807
USDA — Cooperative Extension Service	10.500		12,915,306
USDA — Child and Adult Care Food Program	10.558		96,436
USDA — Forestry Research	10.652		143
DC — Public Telecommunications Facilities	11.550		47,764
HUD — Community Development Block Grant	14.246		278,838
USDA — Integrated Programs	47.076		(2,770)
VA — Veteran's Outpatient Care	64.011		(15,800)
DOE — Miscellaneous Federal Assistance Actions (The Ohio Supercomputer Center)	81.502		1,301,760
USDE — Fund for the Improvement of Education	84.186		12,341
DHHS - Child Care & Development Block Grant	93.575		23,010
USDE — Javits Fellowships	84.170		56,420
USDE — Fund for the Improvement of Education	84.215		135,211
DHHS-Temporary Assistance for Needy Families	93.558		141,870
DHHS — Social Services Block Grant	93.667		793,317
USDE — Student Research Abroad	84.022A		132,756
USDE — Trio: Student Support Services	84.042A		(12,271)
National Endowment For The Humanities	45.163	34000100	128,820
National Endowment For The Humanities	45.168	34000100	628
NSF Social, Behavioral & Economic Res	47.075	35000801	80,646
NSF Forest Service	10.025	40020000	7,123
Coop State Res Educ & Extension Service	10.500	40040100	133,137
Natural Resources Conservation Service	10.912	40060000	9,736
Animal & Plant Health Inspection Service	10.40070000	40070000	2,606
USDA Rural Development	10.446	40190000	67,629
Nat Security Agency	10.771	40190000	21,580
US Department of Education	12.901	40190000	59,499
US Department of Education	84.015	50140000	518,716
US Department of Education	84.195	53000000	177,368
Ofc of Elementary & Secondary Education	84.350	53000000	390,672
Ofc of Postsecondary Education	84.149	53030000	(2,230)
Ofc of Postsecondary Education	84.015	53040000	912,906
Ofc of Postsecondary Education	84.016	53040000	52,489
Ofc of Special Ed & Rehabilitative Svcs	84.325	53050000	119,928
Ofc Vocational & Adult Education Progrms	84.051	53060000	(1,144)
US Department of Energy	81.087	55000000	9,796
Substance Abuse & Mental Health Servs Admin	93.243	60041400	574,052
Health Resources & Services Admin	93.359	65000000	18,574
Health Resources & Services Admin	93.884	65000000	62,031
Centers for Disease Control & Prevention	93.283	66000000	43,892
US Fish and Wildlife Service	15.617	72030000	4,572

Subtotal funds received from Federal agencies

66,295,539

(Continued)

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor I.D. Number	Pass-Through I.D. Number	2008 Expenditures
Pass-through from other sources:					
US Department of Agriculture	Ohio Department of Education	10.556			\$ 437
US Department of Agriculture	Ohio Department of Education	10.559			33,318
					<u>33,755</u>
Subtotal Child Nutrition Cluster					\$ 223,984
Defense Advanced Res Projects Agency	Northrop Grumman Corp	12.50060000	50060000	10011657	83,814
Defense Advanced Res Projects Agency	Raytheon Co	12.50060000	50060000	10011847	994
US Department of Health & Human Services	Elizabeth's New Life Center	93.086	60000000	10020186	89,549
Health Resources & Services Admin	Research Institute at Nationwide Childrn	93.153	65000000	20010182	(551)
US Department of Education	Columbus Chamber of Commerce	84.116	53000000	20020068	5,000
National Endowment For The Arts	Arts Midwest	45.025	34000200	20020844	20,082
NASA Headquarters	Space Telescope Sci Inst	43.33000105	33000105	20021006	22,968
Coop State Res Educ & Extension Service	New Agrarian Center	10.225	40040100	20021627	446
Coop State Res Educ & Extension Service	University of Illinois	10.303	40040100	22000009	106,981
Health Resources & Services Admin	Univ of Pittsburgh	93.249	65000000	22000036	201,123
Health Resources & Services Admin	Univ of Pittsburgh	93.145	65000000	22000036	47,103
US Department of Agriculture	Michigan State Univ	10.303	40000000	22000044	(8)
Coop State Res Educ & Extension Service	Michigan State Univ	10.200	40040100	22000044	89,363
Coop State Res Educ & Extension Service	Michigan State Univ	10.500	40040100	22000062	28,201
Coop State Res Educ & Extension Service	Kansas State Univ	10.500	40040100	22000067	42,543
Coop State Res Educ & Extension Service	Univ of Minnesota	10.500	40040100	22000085	33,752
USDA Agricultural Res Service	Univ of Nebraska	10.500	40040200	22000085	247,737
National Cancer Institute	Univ of Nebraska	93.393	64000002	22000143	52,437
Administration for Children and Families	Trumbull Co Job and Family Services	93.575	67000000	24000457	3
Dept of Housing & Urban Development	Williams County Board of Commissioners	14.239	70000000	24000514	15,745
US Department of Health & Human Services	Defiance County Dept of Job & Family Ser	93.558	60000000	24000516	6,266
Centers for Disease Control & Prevention	Cuyahoga County Board of Health	93.991	66000000	24000524	24,471
US Department of Education	OH Board of Regents	84.367	53000000	26060000	(2,380)
US Department of Education	OH Dept of Education	84.366	53000000	26080000	13,227
US Department of Education	OH Dept of Education	84.330	53000000	26080000	40,760
US Department of Education	OH Div of Career Technical & Adult Ed	84.002	53000000	26080100	3,898
US Department of Education	OH Office of Exceptional Children	84.027	53000000	26080300	50,000
Health Resources & Services Admin	OH Dept of Health	93.889	65000000	26090000	106,850
US Department of Education	OH Rehabilitation Services Commission	84.126	53000000	26120000	51,160
Small Business Administration	OH Department of Development	59.017	30140000	26140000	47,482
US Department of Health & Human Services	OH Dept of Mental Health	93.958	60000000	26420000	375,305
Substance Abuse & Mental Health Servs Admin	OH Dept of Mental Health	93.958	60041400	26420000	(274)
US Department of Health & Human Services	OH Dept Alcohol&Drug Addiction Services	93.959	60000000	26530000	68,836
Substance Abuse & Mental Health Servs Admin	OH Dept Alcohol&Drug Addiction Services	93.959	60041400	26530000	1,703,733
US Department of Agriculture	OH Dept of Job & Family Services	10.561	40000000	26630000	

(Continued)

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor I.D. Number	Pass-Through I.D. Number	2008 Expenditures
USDA Extension Service	OH Dept of Job & Family Services	10.561	40140000		\$ (17,000)
Corp for Nat & Community Service	OH Community Service Council	94.006	31040001	26630000	58,528
US Department of Agriculture	Ohio Department of Education	10.475		26650000	375
National Guard Bureau, Department of Defense	Ohio Department of Adjutant General	12.401			75
Department of Housing and Urban Development	Ohio Department of Development	14.228			7,260
Department of the Interior	Ohio Department of Natural Resources	15.252			60
US Department of Justice	Ohio Department of Youth Services	16.540			4,987
US Department of Justice	Ohio Department of Youth Services	16.548			2,514
US Department of Justice	Ohio Department of Public Safety	16.738			619
US Department of Justice	Ohio Department of Public Safety	16.744			5,800
Department of Labor	Ohio Department of Job and Family Services	17.207			3,149
Department of Labor	Ohio Department of Job and Family Services	17.225			71,064
Department of Labor	Ohio Department of Job and Family Services	17.245			4,688
Department of Labor	Ohio Department of Job and Family Services	17.259			484
Environmental Protection Agency	Ohio Environmental Protection Agency	66.460			230
Environmental Protection Agency	Ohio Environmental Protection Agency	66.471			65,840
Environmental Protection Agency	Ohio Environmental Protection Agency	66.700			19,428
Department of Energy	Ohio Environmental Protection Agency	81.041			4,620
US Department of Education	Ohio Department of Development	84.000			49,900
US Department of Education	Ohio Department of Education	84.215			22,000
US Department of Education	Ohio Board of Regents	84.240			120
US Department of Education	Ohio Board of Regents	84.282			30,160
US Department of Education	Ohio Department of Education	84.365			4,769
US Department of Education	Ohio Board of Regents	84.367			139,522
US Department of Education	Ohio Department of Health	93.069			8,783
US Department of Health and Human Services	Ohio Department of Health	93.110			30,560
US Department of Health and Human Services	Ohio Department of Health	93.118			955
US Department of Health and Human Services	Ohio Department of Health	93.243			40,415
US Department of Health and Human Services	Ohio Department of Job and Family Services	93.268			755
US Department of Health and Human Services	Ohio Department of Health	93.283			7,632
US Department of Health and Human Services	Ohio Department of Health	93.558			112
US Department of Health and Human Services	Ohio Department of Job and Family Services	93.563			7,224
US Department of Health and Human Services	Ohio Department of Job and Family Services	93.568			3,327
US Department of Health and Human Services	Ohio Department of Development	93.569			138
US Department of Health and Human Services	Ohio Department of Development	93.575			70,789
US Department of Health and Human Services	Ohio Secretary of State	93.617			370
US Department of Health and Human Services	Ohio Department of Job and Family Services	93.630			240

(Continued)

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Federal Agency Sponsor	Pass-Through Sponsor	CFDA Number	Sponsor I.D. Number	Pass-Through I.D. Number	2008 Expenditures
US Department of Health and Human Services	Ohio Department of Job and Family Services	93.643			\$ 203,447
US Department of Health and Human Services	Ohio Department of Mental Health	93.778			134,899
US Department of Health and Human Services	Ohio Department of Youth Services	93.778			150
US Department of Health and Human Services	Ohio Department of Job and Family Services	93.658			21
US Department of Health and Human Services	Ohio Department of Mental Health	93.958			573,623
US Department of Health and Human Services	Ohio Department of Health	93.944			1,510
US Department of Health and Human Services	Ohio Department of Health	93.977			2,265
US Department of Health and Human Services	Ohio Department of Health	93.991			22,609
US Department of Health and Human Services	Ohio Department of Health	93.994			61,310
US Department of Health and Human Services	Ohio Department of Aging	94.003			15,000
Corporation for National and Community Service	Ohio Department of Health	10.557			124,000
US Department of Agriculture	Ohio Department of Rehabilitation Services	84.126			62,247
US Department of Education	Ohio Division of Career Technical & Adult Education	84.048	53000000	26080100	30,183
Health Resources and Services Administration	Ohio Dept of Health	93.889	65000000	26090000	1,510
US Department of Agriculture	Ohio Dept of Job & Family Services	10.561	40000000	26630000	128

Subtotal pass-through from other programs

5,717,749

TOTAL FEDERAL AWARDS

\$ 353,992,044

(Concluded)

THE OHIO STATE UNIVERSITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The accompanying financial schedules include the accounts of the following entities:

The Ohio State University (the “University”) and its hospitals and clinics;
The Ohio State University Foundation, a not-for-profit organization operating exclusively for the benefit of the University.

Two separate statutory entities for which the University has special responsibility

- The Ohio Agricultural Research and Development Center
- The Ohio Supercomputer Center

Thirteen legally independent corporations engaged in activities related to the University

- The Ohio State University Research Foundation (the “Research Foundation”)
- The Ohio State University Student Loan Foundation, Inc.
- Transportation Research Center of Ohio, Inc.
- Campus Partners for Community Urban Redevelopment, Inc.
- Reading Recovery and Early Literacy, Inc.
- Ohio State University Retirees Association
- OSU Managed Health Care Systems, Inc.
- The Ohio State University Physicians, Inc.
- UMC Partners (dissolved in November 2007)
- Prologue Research International, Inc.
- Oval Limited
- Adria Kravinsky Foundation
- Dental Faculty Practice Association, Inc.

Such financial schedules have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America for state-assisted colleges and universities.

Subrecipient — Certain funds are passed through to subgrantee organizations by the University. Expenditures incurred by the subgrantees and reimbursed by the University are presented in the schedule of expenditures of federal awards.

The University is also the subrecipient of federal funds, which have been reported as expenditures and listed as federal pass-through funds.

2. NONCASH FEDERAL AWARDS

During the year ended June 30, 2008, the University did not receive nonmonetary assistance.

3. FEDERAL LOAN PROGRAMS ADMINISTERED

Total loan advances and disbursements for federal student financial assistance programs are identified below:

	Year Ended June 30, 2008
Perkins Loan Program	\$6,524,554
Health Professions Student Loans (HPSL)	1,790,208
Nursing Student Loans (NSL)	223,460
 Total	 <u>\$8,538,222</u>

The above expenditures include disbursements and expenditures, such as loans to students and administrative expenditures. During the year ended June 30, 2008, the University disbursed \$307,919,000 in new loans under the William D. Ford Direct Loan Program (which includes Stafford Loans and Parents Loans for Undergraduate Students).

4. 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 (the "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 April 26, 2006, DHHS approved facilities and administrative cost recovery rates effective from July 1, 2006 through June 30, 2009. The facilities and administrative cost rate structure, including the rates submitted within the Certificate, are as follows:

Rate Type	Submitted Within Certificate	Negotiated Rate
Organized Research:		
On-Campus —	55.3%	50.0%
Off-Campus	26.0	26.0
Instruction:		
On-Campus —	57.0	49.5
Off-Campus	26.0	26.0
Other Sponsored Activities:		
On-Campus —	40.1	33.0
Off-Campus —	26.0	24.0

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 included in the Certificate.

* * * * *

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the consolidated financial statements of The Ohio State University (the "University") as of and for the year ended June 30, 2008, and have issued our report thereon dated October 31, 2008. 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 University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 08-1, 08-2, 08-3, 08-4, 08-5, 08-6, and 08-7 to be significant deficiencies in internal control over financial reporting.

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

Our consideration on the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant

deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

COMPLIANCE AND OTHER MATTERS

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

We noted certain matters that we reported to management of the University in a separate letter dated October 31, 2008.

This report is intended solely for the information and use of the Board of Trustees and management of the University, 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.

Deloitte + Touche LLP

October 31, 2008

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

COMPLIANCE

We have audited the compliance of The Ohio State University (the "University") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. The University's major federal programs are 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 each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

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

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which 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 08-5, 08-7, 08-8, 08-9, and 08-10.

INTERNAL CONTROL OVER COMPLIANCE

The management of the University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but

not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

Our consideration on internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 08-5, 08-7, 08-8, and 08-9 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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

This report is intended solely for the information and use of the Board of Trustees and management of the University, 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.

Deloitte + Touche LLP

October 31, 2008

THE OHIO STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008

PART I — SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report on the consolidated financial statements expressed an unqualified opinion.
2. Significant deficiencies in internal control over financial reporting were identified.
3. No instances of noncompliance considered material to the consolidated financial statements were disclosed by the audit.
4. Significant deficiencies in internal control over compliance with requirements applicable to major federal award programs were identified.
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 Office of Management and Budget (OMB) Circular A-133.
7. The major programs were the Research and Development Cluster and the Co-Operative Extension Program (CFDA 10.500), which are included in the schedule of expenditures of federal awards.
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 Ohio State University (the "University") did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

PART II — FINANCIAL STATEMENT FINDINGS SECTION

08-1 PeopleSoft Business Process — Segregation of Duties — Financial Closing and Reporting

Grantor — All

Sponsor Identification Number — All

Criteria — OMB Circular A-133 defines internal control as it relates to the compliance requirement of Federal Programs as "a process-effected by an entity's management and other personnel-designed to provide reasonable assurance regarding the achievement of the following objectives for Federal Programs: (1) Transactions are properly recorded and accounted for to: (i) Permit the preparation of reliable financial statements and Federal reports; (ii) Maintain accountability over assets; and (iii) Demonstrate compliance with laws, regulations, and other compliance requirements."

Observation — The following segregation of duties issues were identified regarding the financial closing and reporting process functionality:

- Five (5) users within the UNIV and OUSMC business units have access to journal entry functionality as well as GL setup functions.
- One (1) user has access to journal entry functionality as well as open and close accounting periods.
- Two hundred seventy-seven (277) departmental users are able to enter and approve their own journal entry (users who can enter for one department but approve for another were not included in this count).
- The central and departmental users who are able to enter and approve the same journal entry are also able to post the journal entry as the posting process is automated and does not require any additional user access.

A standard approach for preventing fraud is to separate employee responsibilities in order to mitigate the risk of fraud. For particularly vulnerable functions, it is common to require at least two employees to participate in the functions of initiating, authorizing, recording, processing, and reporting of transactions. Application owners are responsible for determining who should have access, and what access privileges are granted (e.g., a financial manager/director is responsible for and is the owner of the financial data, and determines access privileges). When determining a user's access privileges, the application owner needs to validate that segregation of duties is maintained and that job requirements are fulfilled.

The segregation of duties for a specific entity need to be determined by obtaining an understanding of the entity's PeopleSoft functions, including related manual processes and controls. The following identifies functions that need to be segregated and, in many cases, need to be performed by staff in different departments:

- Financial Closing and Reporting Master Data (Setup/Configuration)
- Financial Closing and Reporting Functional Transaction Access
- Initiation/Entry of Journal Entries
- Running Journal Generator/Loading Journal Entries
- Opening and Closing Accounting Periods
- Approval and Posting of Journal Entries to the General Ledger
- Prepare Consolidation

Effect — Lack of segregation of duties could result in the misappropriation of federal funds.

Questioned Costs — N/A

Recommendation — We recommend that the University consider further restricting access to the above identified users to alleviate segregation of duties conflicts.

Views of Responsible Officials — The University has a set of reports that are used to identify and review separation of duties issues in the PeopleSoft System. These reports are reviewed on an annual basis. These reports can also be used and enhanced to include those issues raised that are of significant risk. A team is being formed with membership from the affected business areas and the CIO's Office to address the recommendation by January 31, 2009.

08-2 PeopleSoft Business Process — Excessive Access — Financial closing and reporting

Grantor — All

Sponsor Identification Number — All

Criteria — OMB Circular A-133 defines internal control as it relates to the compliance requirement of Federal Programs as “a process-effected by an entity’s management and other personnel-designed to provide reasonable assurance regarding the achievement of the following objectives for Federal programs: (1) Transactions are properly recorded and accounted for to: (i) Permit the preparation of reliable financial statements and Federal reports; (ii) Maintain accountability over assets; and (iii) Demonstrate compliance with laws, regulations, and other compliance requirements.”

Observation — The following concerns were identified regarding financial reporting and closing functions:

- Access to perform closing has been granted to an excessive number of users. Twenty five (25) users currently have access
- Two (2) user profiles were identified as having inappropriate access to correct suspense entries
- Five (5) user profiles were identified as having inappropriate access to enter/modify journal entries
- Five (5) user profiles were identified as having inappropriate access to approve journal entries
- Two (2) user profiles were identified as having inappropriate access to mark journals for post and unpost
- Four (4) user profiles were identified as having inappropriate access to post journals
- Twelve (12) user profiles were identified as having inappropriate access to consolidation ledger set
- One (1) user profile was identified as having inappropriate access to consolidation minority interest
- One (1) user profile was identified as having inappropriate access to consolidation setup pages
- One (1) user profile was identified as having inappropriate access to consolidation subsidiary ownership
- One (1) user profile was identified as having inappropriate access to elimination sets
- Three (3) user profiles were identified as having inappropriate access to perform consolidations
- One (1) user profile was identified as having inappropriate access to enter/update equitization groups
- One (1) user profile was identified as having inappropriate access to enter/update equitization rules
- Three (3) user profiles were identified as having inappropriate access to perform equitization

Effect — Lack of segregation of duties could result in the misappropriation of federal funds.

Questioned Cost — N/A

Recommendation — We recommend that the University further restrict access to financial reporting and closing functionality to only those users who require access as part of their job duties and perform a periodic review of users with access to the GL functions to ensure that access to sensitive functionality has been restricted appropriately.

Views of Responsible Officials — Web-based eReports, containing users and their assigned access roles, currently exist for the Financial, Human Resources and Student Information Systems. These reports will be leveraged to create a documented process where business sponsors and senior fiscal officers are required to formally review and sign-off on user access on an annual basis. Plans will be made, in conjunction with the business sponsors, with a target date of March 2009.

08-3 PeopleSoft Business Process — Segregation of Duties — Expenditure

Grantor — All

Sponsor Identification Number — All

Criteria — OMB Circular A-133 defines internal control as it relates to the compliance requirement of Federal Programs as “a process-effected by an entity’s management and other personnel-designed to provide reasonable assurance regarding the achievement of the following objectives for Federal programs: (1) Transactions are properly recorded and accounted for to: (i) Permit the preparation of reliable financial statements and Federal reports; (ii) Maintain accountability over assets; and (iii) Demonstrate compliance with laws, regulations, and other compliance requirements.”

Observation — The following segregation of duties issues were identified regarding expenditure functionality:

- Eight (8) users have the ability to enter and approve Purchase Requisitions, enter and approve Purchase Orders, and enter and approve Vouchers
- Fifty-three (53) users have the ability to enter and approve Purchase Requisitions and enter and approve Purchase Orders
- Seventy-eight (78) users have the ability to enter/approve Purchase Requisitions
- Four (4) users have the ability to enter and approve vouchers as well as create payments.
- Two (2) users have the ability to enter and approve Purchase Requisitions and enter and approve vouchers
- Twenty-one (21) users have the ability to enter and approve vouchers
- Fourteen (14) users have the ability to enter and approve vendors
- Ten (10) users have the ability to enter and approve Purchase Requisitions as well as enter and approve vendors
- Three (3) users have the ability to enter and approve vouchers and enter and approve vendors

A standard approach for preventing fraud is to separate employee responsibilities in order to mitigate the risk of fraud. For particularly vulnerable functions, it is common to require at least two employees to participate in the functions of initiating, authorizing, recording, processing, and reporting of transactions. Application owners are responsible for determining who should have access, and what access privileges are granted (e.g., a financial manager/director is responsible for and is the owner of the financial data, and determines access privileges). When determining a user’s access privileges, the application owner needs to validate that segregation of duties is maintained and that job requirements are fulfilled.

The segregation of duties for a specific entity need to be determined by obtaining an understanding of the entity’s PeopleSoft functions, including related manual processes and controls. The following identifies functions that need to be segregated and, in many cases, need to be performed by staff in different departments:

- Purchasing and Accounts Payable Setup/Configuration
- Expenditure Functional Transaction Access
- Purchase Requisition and Order Entry/Update
- Purchase Requisition and Order Approval
- Voucher (Invoice) Entry/Update
- Voucher (Invoice) Approval
- Payment Processing

- Vendor Master Entry/Update
- Vendor Master Approval

Effect — Lack of segregation of duties could result in the misappropriation of federal funds.

Questioned Cost — N/A

Recommendation — The University should consider further restricting access to the above identified users to alleviate segregation of duties conflicts.

Views of Responsible Officials — Web-based eReports, containing users and their assigned access roles, currently exist for the Financial, Human Resources, and Student Information Systems. These reports will be leveraged to create a documented process where business sponsors and senior fiscal officers are required to formally review and sign-off on user access on an annual basis. Plans will be made, in conjunction with the business sponsors, with a target date of March 2009.

08-4 PeopleSoft Business Process — Excessive Access — Expenditure

Grantor — All

Sponsor Identification Number — All

Criteria — OMB Circular A-133 defines internal control as it relates to the compliance requirement of Federal Programs as “a process-effected by an entity’s management and other personnel-designed to provide reasonable assurance regarding the achievement of the following objectives for Federal programs: (1) Transactions are properly recorded and accounted for to: (i) Permit the preparation of reliable financial statements and Federal reports; (ii) Maintain accountability over assets; and (iii) Demonstrate compliance with laws, regulations, and other compliance requirements.”

Observation — The following concerns were identified relative to expenditure functions:

- Six (6) users were identified as having inappropriate access to enter/update purchase requisitions.
- Three (3) users were identified as having inappropriate access to approve purchase requisitions.
- Seventeen (17) users were identified as having inappropriate access to enter/update vouchers through Regular Voucher Entry.
- Five (5) users were identified as having inappropriate access to enter/update vouchers through Complete Registered Voucher.
- Twenty-four (24) users were identified as having inappropriate access to close vouchers.
- Twenty-six (26) users were identified as having inappropriate access to delete vouchers.
- Four (4) users were identified as having inappropriate access to approve voucher.
- One (1) user was identified as having inappropriate access to mark voucher for post.
- Eight (8) users were identified as having inappropriate access to post vouchers.

- Eight (8) users were identified as having inappropriate access to unpost vouchers.
- Five (5) users were identified as having inappropriate access to Paycycle Definition.
- Six (6) users were identified as having inappropriate access to Paycycle Manager (express and regular).
- Five (5) users were identified as having inappropriate access to Create Positive Pay File.
- Five (5) users were identified as having inappropriate access to Paycycle Approval.
- Five (5) users were identified as having inappropriate access to Paycycle Confirm/Unconfirm.
- Five (5) users were identified as having inappropriate access to Express Check.
- Five (5) users were identified as having inappropriate access to Manual Payment.
- Two (2) users were identified as having inappropriate access to enter/update vendors. Additionally, it was noted that access appears excessive at 27 users.
- Three (3) users were identified as having inappropriate access to approve vendors. Additionally, it was noted that access appears excessive at 28 users.
- Three (3) users were identified as having inappropriate access to inactivate vendors manually. Additionally, it was noted that access appears excessive at 28 users.

Effect — Inappropriate access could result in the misappropriation of federal funds.

Questioned Cost — N/A

Recommendation — The University should further restrict access to expenditure functionality to only those users who require access as part of their job duties and perform a periodic review of users with access to the Expenditure functions to ensure that access to sensitive functionality has been restricted appropriately.

Management Response — Web-based eReports, containing users and their assigned access roles, currently exist for the Financial, Human Resources, and Student Information Systems. These reports will be leveraged to create a documented process where business sponsors and senior fiscal officers are required to formally review and sign-off on user access on an annual basis. Plans will be made, in conjunction with the business sponsors, with a target date of March 2009.

08-5 Payroll Controls

Grantor — All

Sponsor Identification Number — All

Criteria — OMB Circular A-133 defines internal control as it relates to the compliance requirement of Federal Programs as “a process-effected by an entity’s management and other personnel-designed to provide reasonable assurance regarding the achievement of the following objectives for Federal programs: (1) Transactions are properly recorded and accounted for to: (i) Permit the preparation of reliable

financial statements and Federal reports; (ii) Maintain accountability over assets; and (iii) Demonstrate compliance with laws, regulations, and other compliance requirements.”

Observation — The University payroll internal control structure operates in a decentralized environment, with the majority of the responsibility surrounding the establishment and monitoring of the internal control environment residing at the individual college department. Additionally, the responsibility for the payroll system design and financial internal controls related to the payroll system resides primarily with the Office of Human Resources. Central Payroll within the Office of Human Resources has established general procedures in the form of a checklist that each college or department is required to follow. The checklist identifies specific procedures that must be completed for each payroll distribution. The procedures are designed to ensure that all payroll expenditures are valid, complete, disbursed to the correct individual, and reconciled to the PeopleSoft general ledger. This checklist was made mandatory during fiscal year 2008 for each pay period. Further, a payroll certification control was made mandatory for all pay periods beginning in fiscal year 2007 wherein a manager asserts that all employees in their area of responsibility were valid employees who worked for that pay period and were paid a reasonable amount. The certification process was implemented as a certification control to determine that payroll payments are being made to only active employees. During fiscal year 2008, the Office of Human Resources implemented a quarterly department assessment that includes items such as retro job data actions, late terminations, direct deposit cards, employees not paid in 90 days, off-cycle checks, returned checks, autosys approval of time cards, overpayment, and segregation of duties. Based on the assessments, all departments are ranked with a blue, green, yellow, or red. The senior fiscal officer and the senior human resource official of the department are notified of the results.

During our testing, we noted the following issues:

- Fifteen different organizational units were selected from fifteen different colleges or units within the University to observe the performance of University payroll controls. Of this selection two organizational units had not completed the payroll checklist or only partially completed the checklist. Moreover, four units maintained no observable documentation of completing the payroll checklist.
- The Controller’s office performs a review of the payroll certification reports from organizational units throughout the University. In our review of the Controller’s documentation of the certification process control, not all units are completing this payroll certification appropriately through the fiscal year. In addition, this process was not completed for the quarter ended June 30, 2008, before the completion of the external audit.
- Various functions (hire, job data, paycheck reprint, etc.) were analyzed for access, while there was improvement from the prior year, there continues to be individuals with access that is either inappropriate or not necessary to carry out their responsibilities within the University.
- Sixty-five (65) user profiles were identified with having write access to both HR and Payroll functions causing segregation of duties conflicts. Specifically, 40 user profiles were identified with having access to HR functionality (add/update employee personal data, add/update employee compensation data, additional pay) and having the ability to create the direct deposit file. Also, 25 user profiles were identified with having access to all or most HR and Payroll functions within the HR/Payroll process.

Fundamentally, the University relies on the knowledge and diligence of the department-level payroll personnel to ensure that payroll is processed correctly. This creates inconsistent application of controls and has the potential to cause financial misstatement without appropriate entity-level controls being implemented. The University has made progress during the current year in making mandatory the payroll checklist and contained procedures, developing centralized review of payroll certification reports, developing monitoring controls at the Office of Human Resources, monitoring of segregation of duties

roles, and continuing in progress towards University wide compliance with required controls. Further, the University is exploring a “service center” model for academic units to utilize that will facilitate the appropriate segregation of duties, requisite knowledge, and training.

Effect — The inconsistent internal control structure could lead to the misuse of federal funds.

Questioned Cost — N/A

Recommendation — We recommend that the University consider the following:

- Due to the number of individuals with access to the payroll system and the inconsistent application of payroll controls across the University, we recommend that the University continue to analyze the payroll process and assess the viability of the following considerations which will reduce the University exposure to unauthorized access to the payroll system, enhance segregation of duties capabilities, promote consistent sustainable internal controls, and reduce volume of individuals required to be adequately trained:
 - Centralizing the payroll process
 - Implement central service centers for payroll processing
 - Simplify the current payroll processing environment
- Perform a comprehensive review of the current payroll processing function, including the usefulness and effectiveness of the current payroll standard payroll reports generated by the system utilized to monitor payroll transactions.
- Payroll access must be reviewed and all cases with inappropriate access should be eliminated.
- Continue to develop compliance with the stated policies from all organizational units within the University.

Views of Responsible Officials — We concur with the recommendations and will continue to build on our fiscal year 2008 process improvements in fiscal year 2009. Areas of emphasis for fiscal year 2009 will include reducing the number of individuals with access to the HR system, improving reporting tools to facilitate monitoring activities, and centralizing some aspects of the payroll process, both in central HR and through the expanded use of central service centers in the colleges and VP units.

08-6 Monitoring Alternative Investments

Grantor — All

Sponsor Identification Number — All

Criteria — OMB Circular A-133 defines internal control as it relates to the compliance requirement of Federal Programs as “a process-effected by an entity’s management and other personnel-designed to provide reasonable assurance regarding the achievement of the following objectives for Federal programs: (1) Transactions are properly recorded and accounted for to: (i) Permit the preparation of reliable financial statements and Federal reports; (ii) Maintain accountability over assets; and (iii) Demonstrate compliance with laws, regulations, and other compliance requirements.”

Observation — The University has continued to increase its investment portfolio diversification in line with the University’s Board of Trustees approved investment policy. Part of this diversification process has included increased investments into alternative investments. Alternative investments do not have a readily determinable market value as determined based on trading value in an active market. Alternative

investments may include venture capital, private equity, real estate, and hedge funds. The target investment allocation approved by the Board of Trustees in fiscal year 2008 consists of 25% hedge funds, 10% real assets, and 20% private equity. As of June 30, 2008, alternative investments represented approximately 29% of the University's total portfolio (as compared to 12% at June 30, 2007).

The University intends to continue to increase its alternative investments towards its targeted asset allocations. The University had approximately \$158 million in commitments, which have not yet been funded as of June 30, 2008.

With the possibility of greater returns, alternative investments bring greater risk and new challenges for the University's management. Unlike conventional investments in bonds and equities, alternative investments typically do not have readily determinable fair values and are not traded on an active market. Additionally, for financial reporting purposes, non-registered funds and funds of funds ("investment pools") are not required to disclose all of their underlying holdings to investors. There are instances where an investor is not able to examine the underlying holdings of the investment pool, and consequently management must estimate the fair value of such investment in good faith in accordance with approved policies and procedures.

Management is responsible for making the fair value measurements and disclosures included in the financial statements. As part of fulfilling its responsibility, management is required to establish an accounting and financial reporting process for determining the fair value measurements and disclosures, select appropriate valuation methods, identify and adequately support any significant assumptions used, prepare the valuation, and ensure that the presentation and disclosure of the fair value measurements are in accordance with generally accepted accounting principles.

Management is additionally responsible to look through an investment pool to determine the value of its holdings. If full transparency does not exist, management should establish a method to independently assess the fair valuation of the investment pool.

The University has various monitoring processes, including a comparison to benchmarking reports and discussion with fund managers. However, this process may be documented via handwritten comments or not documented at all.

Effect — Lack of proper documentation could lead to the improper accounting and/or inadequate protection of such assets.

Questioned Costs — N/A

Recommendation — We recommend the University establish precise written procedures to be performed on a periodic basis (monthly or quarterly) which evaluate the performance of each fund. These procedures should include the result of comparing actual alternative investment performances to the established benchmark in the Endowment Policy along with documenting whether the fund is meeting expectation or not and why. This also includes contacting fund managers on the same periodic basis to ensure the fund's investments are following its stated objectives.

Also, additional procedures to be added should include reviewing the audited financial statements (AFS) of each fund and reconciling the University's ownership of the fund to the ending audited capital balance. This can be accomplished by reviewing the net asset value from the capital statement and agreeing it into the AFS or by comparing the fund's K-1 tax form which has the University's ownership percentage. While this may not provide the University with an audited value that is coterminous with the University's fiscal year-end, it will provide management with a valuation of the investment which has been reviewed by external auditors.

Lastly, the evidence indicating contact with the funds should be better organized to provide evidence that such monitoring is taking place. Adding additional resources to this task may provide improved documentation.

Established monitoring procedures for alternative investments should be reviewed. This review should be documented and provide justification that the procedures in place are sufficient to ensure that the University's assets are properly managed and accounted for in accordance with University policy.

Views of Responsible Officials — As part of setting up the new Office of Investments, we will be reviewing established alternative investment monitoring procedures and will make appropriate revisions, as necessary. As recommended, we will ensure those procedures are properly documented.

08-7 Asset Management

Grantor — All

Sponsor Identification Number — All

Criteria — OMB Circular A-133 defines internal control as it relates to the compliance requirement of Federal Programs as “a process-effected by an entity’s management and other personnel-designed to provide reasonable assurance regarding the achievement of the following objectives for Federal programs: (1) Transactions are properly recorded and accounted for to: (i) Permit the preparation of reliable financial statements and Federal reports; (ii) Maintain accountability over assets; and (iii) Demonstrate compliance with laws, regulations, and other compliance requirements.”

Observation — The University has \$845 million invested in movable equipment and furniture with a net book value of \$279 million as of June 30, 2008. Proper stewardship of these assets is critical to the University, as they were purchased from numerous funding sources, including federal, state, and private gifts, which may contain restrictions related to assets purchased with those funds. The total of capital equipment assets that were paid for in part or whole by federal grants totaled \$160 million and had a net book value of \$52 million as of June 30, 2008.

In order to test fixed assets for existence, we selected 50 assets for observation which were originally purchased with federal funds. Ten of the fifty assets selected could not be observed with certainty as the asset identification tags were not maintained on six of the items and four items were not able to be located.

Effect — The inadequate safeguarding of fixed assets could result in loss or theft of those assets.

Questioned Costs — There was a net book value of \$435,102 of assets identified as missing or not properly tagged.

Recommendation — The University has increased efforts to educate equipment coordinators within the University as well as enhance accountability for fulfilling the requirements of the position. We recommend that the University continue these efforts and consider the following:

Review the asset management policies and procedures to ensure departments understand their role in the asset stewardship process and are educated about the potential financial statement and compliance issues related to improper or incomplete asset recordkeeping.

- Continue the focus on accounting for assets such that all departments with fixed assets participate in the self-audit inventory process and detail records of location and status are continuously accurate.
- Policies are written and implemented in a manner such that the asset management systems and tracking tools, including fixed asset tags and detail listings are required to be maintained in a current and accurate fashion.

Views of Responsible Officials — We concur with the recommendations. In fiscal year 2008, the University made significant improvements in its equipment inventory processes. The Asset Management group updated and improved its documentation of audit coverage to ensure that all departments had at least one inventory completed within fiscal year 2008 period (for many departments, both self-audits and central physical audits were completed within the two-year period). In Spring 2008, special physical inventories were conducted to ensure that all departments had completed inventories in the past two years. Training on asset management policies and procedures is now offered on a regular basis, new online reports of outstanding self-audit reports are updated weekly, and college senior fiscal officers are updated regularly on the status of equipment inventories in their units.

Regarding the items identified in the audit finding above, Asset Management and the Research Foundation staff have followed up on each of the items and ensured that the necessary corrections and updates have been made to the Asset Management system. In our follow-up, we noted that two departments were responsible for six of the exception items. As we continue to improve overall compliance across the University in fiscal year 2009, we will also seek to identify units with compliance problems, conduct special physical inventories, and consult with the senior fiscal officers on other measures to improve compliance in these areas.

PART III — FEDERAL AWARD FINDING AND QUESTIONED COST SECTION

08-5 Payroll Controls

For the complete version of this finding please refer to Part II — Financial Statement Findings Section

Grantor — All, except the Student Financial Aid Cluster

Sponsor Identification Number — All, except the Student Financial Aid Cluster

Criteria — OMB Circular A-133 defines internal control as it relates to the compliance requirement of Federal Programs as “a process-effected by an entity’s management and other personnel-designed to provide reasonable assurance regarding the achievement of the following objectives for Federal programs: (1) Transactions are properly recorded and accounted for to: (i) Permit the preparation of reliable financial statements and Federal reports; (ii) Maintain accountability over assets; and (iii) Demonstrate compliance with laws, regulations, and other compliance requirements.”

Observation — The University payroll internal control structure operates in a decentralized environment with the majority of the responsibility surrounding the establishment and monitoring of the internal control environment residing at the individual college department. The University relies on the knowledge and diligence of the department-level payroll personnel to ensure that payroll is processed correctly. This creates inconsistent application of controls and has the potential to cause financial misstatement without appropriate entity-level controls being implemented.

Effect — The inconsistent internal control structure could lead to the misuse of federal funds.

Questioned Cost — N/A

Recommendation — We recommend that the University continue to analyze the payroll process, perform a comprehensive review of the current payroll processing function, review payroll access, and continue to develop compliance with the stated policies from all organizational units within the University.

Views of Responsible Officials — We concur with the recommendations and will continue to build on our fiscal year 2008 process improvements in fiscal year 2009. Areas of emphasis for fiscal year 2009 will include reducing the number of individuals with access to the HR system, improving reporting tools to facilitate monitoring activities, and centralizing some aspects of the payroll process, both in central HR and through the expanded use of central service centers in the colleges and VP units.

08-7 Asset Management

For the complete version of this finding, please refer to Part II — Financial Statement Findings Section

Grantor — All, except the Student Financial Aid Cluster

Sponsor Identification Number — All, except the Student Financial Aid Cluster

Criteria — OMB Circular A-133 defines internal control as it relates to the compliance requirement of Federal Programs as “a process-effected by an entity’s management and other personnel-designed to provide reasonable assurance regarding the achievement of the following objectives for Federal programs: (1) Transactions are properly recorded and accounted for to: (i) Permit the preparation of reliable financial statements and Federal reports; (ii) Maintain accountability over assets; and (iii) Demonstrate compliance with laws, regulations, and other compliance requirements.”

Observation — The University has \$845 million invested in movable equipment and furniture, with a net book value of \$279 million as of June 30, 2008. Proper stewardship of these assets is critical to the University, as they were purchased from numerous funding sources, including federal, state, and private gifts, which may contain restrictions related to assets purchased with those funds.

Effect — The inadequate safeguarding of fixed assets could result in loss or theft of those assets.

Questioned Costs — There was a net book value of \$435,102 of assets identified as missing or not properly tagged.

Recommendation — The University has increased efforts to educate equipment coordinators within the University as well as enhance accountability for fulfilling the requirements of the position. We recommend that the University continue these efforts.

Views of Responsible Officials — We concur with the recommendations. In fiscal year 2008, the University made significant improvements in its equipment inventory processes. The Asset Management group updated and improved its documentation of audit coverage, to ensure that all departments had at least one inventory completed within the fiscal year 2008 period (for many departments, both self-audits and central physical audits were completed within the two-year period). In Spring 2008, special physical inventories were conducted to ensure that all departments had completed inventories in the past two years. Training on asset management policies and procedures is now offered on a regular basis, new online reports of outstanding self-audit reports are updated weekly, and college senior fiscal officers are updated regularly on the status of equipment inventories in their units.

Regarding the items identified in the audit finding above, Asset Management and the Research Foundation staff have followed up on each of the items and ensured that the necessary corrections and updates have been made to the Asset Management system. In our follow-up, we noted that two departments were responsible for six of the exception items. As we continue to improve overall compliance across the University in fiscal year 2009, we will also seek to identify units with compliance problems, conduct special physical inventories, and consult with the senior fiscal officers on other measures to improve compliance in these areas.

08-8 Compilation of Schedule of Expenditures of Federal Awards

Grantor — All programs in the Research and Development Cluster.

Sponsor Identification Number — All programs in the Research and Development Cluster.

Project Number — All programs in the Research and Development Cluster.

Criteria — OMB Circular A-133, Subpart C, §__.310 (b)(3) states:

“The auditee shall also prepare a schedule of expenditures of federal awards for the period covered by the auditee’s financial statements. At a minimum, the schedule shall...provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.”

Observation — The schedule of expenditures of federal awards contained 90 projects that were either overrun or closed projects which will eventually be transferred back to departments for a total of approximately \$926,000. This represents amounts that the schedule of expenditures of federal awards was overstated in previous years.

Effect — Expenditures on the schedule of expenditures of federal awards may not accurately reflect federal expenditures of that particular fiscal year.

Questioned Cost — N/A

Recommendation — The Research Foundation should review the schedule of expenditures of federal awards for projects that are overrun and will eventually be transferred back to departments to ensure they are in compliance with all the OMB Circular A-133 Compliance requirements.

Views of Responsible Officials — For fiscal year 2009, we will explore various methods for adjusting the report.

08-9 University Oversight of Grants external of the Research Foundation

Grantor —

CFDA	Grantor	CFDA	Grantor
10.200	USDA — Grants for Agric Rsrch, Spec Rsrch Grants	81.041	Department of Energy
10.202	USDA — Cooperative Forestry Research	84.000	US Department of Education
10.207	USDA — Animal Health and Disease Research	84.215	US Department of Education
10.303	USDA — Education and Human Resources	84.24	US Department of Education
10.558	USDA — Child and Adult Care Food Program	84.282	US Department of Education
10.652	USDA — Forestry Research	84.365	US Department of Education
11.550	DC — Public Telecommunications Facilities	84.367	US Department of Education
14.246	HUD — Community Development Block Grant	93.069	US Department of Health and Human Services
47.076	USDA — Integrated Programs	93.11	US Department of Health and Human Services
64.011	VA — Veteran's Outpatient Care	93.118	US Department of Health and Human Services
84.186	USDE — Fund for the Improvement of Education	93.243	US Department of Health and Human Services
93.575	DHHS — Child Care & Development Block Grant	93.268	US Department of Health and Human Services
84.170	USDE — Javits Fellowships	93.283	US Department of Health and Human Services
84.215	USDE — Fund for the Improvement of Education	93.558	US Department of Health and Human Services
93.558	DHHS — Temporary Assistance for Needy Families	93.563	US Department of Health and Human Services
93.667	DHHS — Social Services Block Grant	93.568	US Department of Health and Human Services
84.022A	USDE — Student Research Abroad	93.569	US Department of Health and Human Services
84.042A	USDE — Trio: Student Support Services	93.575	US Department of Health and Human Services
10.556	US Department of Agriculture	93.617	US Department of Health and Human Services
10.475	US Department of Agriculture	93.630	US Department of Health and Human Services
10.559	US Department of Agriculture	93.643	US Department of Health and Human Services
12.401	National Guard Bureau, Department of Defense	93.778	US Department of Health and Human Services
14.228	Department of Housing and Urban Development	93.778	US Department of Health and Human Services
15.252	Department of the Interior	93.658	US Department of Health and Human Services
16.540	US Department of Justice	93.958	US Department of Health and Human Services
16.548	US Department of Justice	93.944	US Department of Health and Human Services
16.738	US Department of Justice	93.977	US Department of Health and Human Services
16.744	US Department of Justice	93.991	US Department of Health and Human Services
17.207	Department of Labor	93.994	US Department of Health and Human Services
17.225	Department of Labor	94.003	Corporation for National and Community Service
17.245	Department of Labor	10.557	US Department of Agriculture
17.259	Department of Labor	84.126	US Department of Education
66.460	Environmental Protection Agency	84.048	US Department of Education
66.471	Environmental Protection Agency	93.889	Health Resources and Services Administration
66.700	Environmental Protection Agency	10.561	US Department of Agriculture

Criteria — The OMB Circular A-133 describes the non-Federal entity's responsibilities for managing Federal assistance programs (§____.300) and the auditor's responsibility with respect to the scope of audit (§____.500).

Finding — The University administers federal grants that are separate from the Research Foundation. These grants are administered by many different departments and individuals across the University. Unless the department or individual has established their own process, the University does not have controls or procedures in place to ensure that the administrators of these grants are aware of the federal requirements. Further, there is no monitoring or oversight of these various grant administrators by the University.

Effect — Federal funds could be improperly administered.

Questioned Cost — N/A

Recommendation — The University should implement central monitoring and controls to make sure those managing University grants, which are not under the Research Foundation, understand the compliance requirements. Additionally, the University should provide formal, mandatory A-133 compliance training for those individuals who administer grants that are not under the Research Foundation.

Views of Responsible Officials — Currently, the bulk of federal funds flow through three areas: the Office of Student Financial Aid, the OSU Research Foundation, and the Ohio Agricultural Research and Development Center with relatively small amounts administered outside of these areas. However, we concur with the recommendation and will take steps to either centralize the administration of these grants or require mandatory A-133 compliance training for those areas that retain administrative control over federal funds.

08-10 Reporting of Expenditures in the Proper Period

Grantor — CFDA 10.500 — Cooperative Extension Service, for the years ended June 30, 2008 and 2007

Sponsor Identification Number — N/A

Project Number — N/A

Criteria — OMB Circular A-133, Subpart C, §__.310 (b)(3) states:

“The auditee shall also prepare a schedule of expenditures of federal awards for the period covered by the auditee’s financial statements. At a minimum, the schedule shall provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.”

Observation — Expenses related to phone and interest expense of \$10,183 incurred in fiscal year 2007 were not properly submitted for reimbursement until fiscal year 2008.

Effect — Expenditures on the schedule of expenditures of federal awards may not accurately reflect federal expenditures of that particular fiscal year.

Questioned Cost — N/A

Recommendation — The Program should assess costs associated with regular services and verify that they are being captured in the proper period.

Views of Responsible Officials — For fiscal year 2009, we will expense these items on a quarterly basis.

PART IV — SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

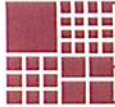
Number	Finding	Status	Contact
07-1	Internal Controls in a Decentralized Environment	Corrected	Greta Russell, Controller
07-2	Payroll Controls	Repeated as finding 08-5	Greta Russell, Controller
07-3	Asset Management	Repeated as finding 08-7	Greta Russell, Controller
07-4	Journal Entry Approval — All Accounts	Corrected	Greta Russell, Controller
07-5	Monitoring Alternative Investments	Repeated as finding 08-6	Greta Russell, Controller
07-6	Peoplesoft Expenditures — Excessive Access	Repeated as finding 08-4	Greta Russell, Controller
07-7	Journal Entry Approval — Cash	Corrected	Greta Russell, Controller
07-8	Compilation of Schedule of Federal Expenditures — Accounts Payable	Corrected	Greta Russell, Controller
07-9	Compilation of the Schedule of Federal Expenditures — Overrun Projects	Repeated as finding 08-8	Greta Russell, Controller
07-10	Suspension and Debarment	Corrected	Greta Russell, Controller
07-11	Student Financial Aid — Program Income — Calculation of Federal Perkins Loans	Corrected	Greta Russell, Controller
07-12	University Oversight of Grants External of the Research Foundation	Repeated as finding 08-9	Greta Russell, Controller
07-13	Allowable Cost — Purchases Made Without Amending Grant Agreement	Corrected	Greta Russell, Controller
07-14	Period of Availability — Failure to obtain Documentation of Extension	Corrected	Greta Russell, Controller
07-15	Student Financial Aid — Special Tests and Provisions — Refund Calculation	Corrected	Greta Russell, Controller

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The Ohio State University

*Independent Accountants' Report on the
Application of Agreed-Upon Procedures to
Statements and Records of Booster Organizations'
Expenditures for or on Behalf of the
University's Department of Athletics for
the Year Ended June 30, 2008*

PARMS & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS



**INDEPENDENT ACCOUNTANTS' REPORT ON
THE APPLICATION OF AGREED-UPON PROCEDURES TO
STATEMENTS AND RECORDS OF BOOSTER ORGANIZATIONS'
EXPENDITURES
FOR OR ON BEHALF OF THE UNIVERSITY DEPARTMENT OF ATHLETICS**

E. Gordon Gee, President
The Ohio State University

We have performed the procedures below, which were agreed to by the administration of The Ohio State University (the "University"), with respect to the accounting records of the University and the related booster organizations, referred to below, in connection with activities of the Department of Athletics of the University. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures that we performed and our findings are as follows:

- A. We obtained a list of booster organizations and a schedule of receipts/revenues and disbursements/expenses (the "Schedule") for the year ended June 30, 2008, from the Director of Athletics. The Schedule is included as the Exhibit to this report.
- B. We agreed total revenues and expenditures or total cash receipts and cash disbursements of all booster organizations for the year ended June 30, 2008, listed on the Schedule with amounts obtained from the official responsible for each respective booster organization. We noted the following exception:

Although all booster organizations confirmed revenue and disbursement activities for the year, we did not receive requested supporting documentation for selected receipts and expenses from The Rebounders Club and Center Ice.

- C. We received a representation letter signed by the Director of Athletics and all of the head coaches that the booster organizations, as listed in the Exhibit, are the only booster organizations that support the Department of Athletics as defined in the National Collegiate Athletic Association ("NCAA") Financial Audit Guidelines dated September 2004.

- D. We obtained a summary of contributions to or in behalf of the Department of Athletics from the booster organizations and compared such summary to the revenues recorded in the University's accounting records. The in-kind contributions and donated goods or services were not recorded in the University's accounting records. It is an institutional policy not to reflect these contributions in the University's financial statements. The contributions reported by the booster groups were credited to the applicable groups in The Ohio State University Development Fund's records in accordance with the University's and the Athletic Department's policies.

We were not engaged to perform an audit, the objective of which would be the expression of an opinion on the accounts of the booster organizations or items referred to above. Accordingly, we do not express such an opinion. Had we been engaged to perform additional procedures, other matters might have come to our attention that would have been reported to you. Nor, were we engaged to perform an examination, the objectives of which would be the expression of an opinion on management's assertions about the effectiveness of the internal control structure over financial reporting. Accordingly, we do not express such an opinion. Had we been engaged to perform additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of members of the audit committee, administration of the University, or an authorized representative of the NCAA, and is not intended to be and should not be used by anyone other than these specified parties.

Farms & Company, LLC

December 18, 2008

**THE OHIO STATE UNIVERSITY
DEPARTMENT OF ATHLETICS**

Exhibit

**OUTSIDE ORGANIZATIONS ACTING IN BEHALF OF THE DEPARTMENT OF
ATHLETICS RECEIPTS/REVENUES AND DISBURSEMENTS/EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008**

Organizations reporting on a cash receipts and disbursements basis for the year ended June 30, 2008, are as follows:

Organization	Beginning Cash Balance	Cash Receipts	Cash Disbursements		Ending Cash Balance
			Contributions To or In Behalf of Program	Other	
The Buckeye Diamond Club	\$ 176,642	\$ 265,778	\$ 132,485	\$ 187,838	\$ 122,097
The Buckeye Sideliners	1,606	33,578	15,000	15,789	4,395
The Ohio State Men's Swimming and Diving Boosters Club	10,644	4,767	351	6,373	8,687
The Rebounders Club	21,115	38,573	23,500	28,310	7,878
Varsity "O" Women	78,063	39,271	2,000	59,090	56,244

Organizations reporting revenues and expenditures for the year ended June 30, 2008, are as follows:

Organization	Revenues	Expenditures/ Contributions To or In Behalf of Program	Other	Net Income (Loss)
Buckeye Boosters, Inc.	\$ 251,977	\$ 317,250	\$ 90,837	(156,110)
Center Ice Club	23,544	-	25,149	(1,605)
OSU Varsity Rifle Team Booster Club	1,295	4,777	1,649	(5,131)
The Varsity "O" Alumni	160,060	65,450	128,985	(34,375)

The Ohio State University

*Independent Accountants' Report on
Agreed-Upon Procedures Performed on the
Intercollegiate Athletic Department as
Required by NCAA Bylaw 6.2.3.1 for the
Year Ended June 30, 2008*

PARMS & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES
PERFORMED ON THE INTERCOLLEGIATE ATHLETIC DEPARTMENT AS
REQUIRED BY NCAA BYLAW 6.2.3.1**

E. Gordon Gee, President
The Ohio State University

We have performed the procedures below, which were agreed to by the administration of The Ohio State University (the "University"), with respect to the accounting records of the University as of June 30, 2008, solely to assist you in evaluating whether the accompanying statement of revenues and expenditures ("statement") is in compliance with the National Collegiate Athletic Association's (the "NCAA") Bylaw 6.2.3.1 for the year ended June 30, 2008. The Ohio State University's management is responsible for the statement and the statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Agreed-Upon Procedures Related to the Statement of Revenues and Expenditures

The procedures that we performed are as follows:

We obtained the statement, as prepared by the administration of the University, which is included as Exhibit A. We agreed the statement to the University's general ledger on a test basis. For all revenue and expense categories, we performed the following:

- We compared and agreed, on a test basis, each operating revenue and expense category reported in the statement during the reporting period to supporting schedules provided by the administration of the University. No exceptions were noted.
- We compared and agreed a sample of operating revenue receipts and expenses obtained from the operating revenues and expenses supporting schedules to supporting documentation provided by the administration of the University. No exceptions were noted.
- We compared each major revenue and expense account to prior period amounts and budget estimates provided by the administration of the University. No exceptions were noted. We obtained and documented an understanding of any significant variations on a test basis.

Operating Revenues

Ticket Sales– We compared, on a test basis, tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenues reported by the University in the statement and the related attendance figures. We recalculated totals. No exceptions were noted.

Away Game Sales and Guarantees– We selected a sample of settlement reports for away games during the reporting period and agreed each selection to the University’s general ledger and/or the statement. We selected a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compared and agreed each selection to the University’s general ledger and/or the statement. We recalculated totals. No exceptions were noted.

Contributions– On a test basis, we obtained and reviewed supporting documentation for contributions of moneys, goods, or services received directly by the intercollegiate athletics program from any affiliated or outside organization, agency, or group of individuals not included (e.g., contributions by corporate sponsors) that constituted 10% or more of all contributions received for intercollegiate athletics during the reporting periods. No exceptions were noted.

Third-Party Support– We obtained a summary of cash balances for affiliated and outside organizations, selected a sample of funds, and compared and agreed each selection to supporting documentation, the University’s general ledger, and/or the summary. No exceptions were noted.

Indirect Facilities and Administrative Support– We compared the indirect institutional support recorded by the University during the reporting period with institutional authorizations and/or other corroborative supporting documentation on a test basis. We recalculated totals. No exceptions were noted.

NCAA/Conference Distributions Including All tournaments– We obtained and inspected agreements related to the University’s NCAA and conference distributions received during the reporting period to gain an understanding of the relevant terms and conditions. We compared and agreed the related revenues to the University’s general ledger and/or the statement on a test basis. We recalculated totals. No exceptions were noted.

Broadcast, Television, Radio, and Internet Rights– We obtained and inspected agreements related to the University’s participation revenues from broadcast, television, radio, and Internet rights to gain an understanding of the relevant terms and conditions. We compared and agreed related revenues to the University’s general ledger and/or the statement. We recalculated totals. No exceptions were noted.

Program Sales, Concessions, Novelty Sales, and Parking– We compared and agreed concession revenue reported in the statement during the reporting period to supporting schedules provided by the University. We compared and agreed related revenues to the University’s general ledger and/or the statement. We recalculated totals. No exceptions were noted.

Royalties, Advertisements, and Sponsorships– We obtained and inspected on a test basis agreements related to the University’s revenues from royalties, advertisements, and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions. We compared and agreed the related revenues to the University’s general ledger and/or the statement on a test basis. We recalculated totals. No exceptions were noted.

Sports-Camp Revenues– We inspected sports-camp contracts between the University and persons conducting institutional sports-camps or clinics during the reporting period to obtain an understanding of the University’s methodology for recording revenues from sports-camps. We obtained schedules of camp participants. We selected a sample of individual camp participant cash receipts from the schedule of sports-camp participants and agreed each selection to the University’s general ledger and/or the statement. We recalculated totals. No exceptions were noted.

Endowment and Investment Income– We obtained and inspected endowment agreements to gain an understanding of the relevant terms and conditions. We obtained market values and recalculated totals. ***However, we were unable to verify that the use of endowment investment income was consistent with the use specified in the endowment agreement. Endowment earnings for all endowment funds are transferred in a lump amount in support of all athletic program scholarships granted. There is not a specific fund to verify expenditures against any particular endowment fund income earnings.***

Operating Expenses

Athletic Student Aid– We selected a sample of students from the listing of institutional student aid recipients during the reporting period. We obtained individual student account detail for each selection and compared total aid allocated from the related aid award letter to the student’s account. We recalculated totals. No exceptions were noted.

Guarantees– We obtained and inspected contractual agreements pertaining to expenses recorded by the University from guaranteed contests during the reporting period on a test basis. We compared and agreed related amounts expensed by the University to the University’s general ledger and/or the statement on a test basis. We recalculated totals. No exceptions were noted.

Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities– We obtained and inspected a listing of coaches employed by the University and related entities during the reporting period. We selected a sample of coaches’ contracts that included football, and men’s and women’s basketball from this listing. We compared and agreed the financial terms and conditions of each selection to the related coaches’ salaries, benefits, and bonuses recorded by the University and related entities in the statement during the reporting period on a test basis. We obtained and inspected W-2's or 1099's to the related coaching salaries, benefits, and bonuses paid by the University and related entities expense recorded by the University in the statement during the reporting period on a test basis. We recalculated totals. No exceptions were noted.

Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities– We selected a sample of support staff/administrative personnel employed by the University and related entities during the reporting period. We obtained and inspected W-2's or 1099's for each selection. We compared and agreed related W-2's or 1099's to the related support staff/administrative salaries, benefits, and bonuses paid by the University and related entities expense recorded by the University in the statement during the reporting period on a test basis. We recalculated totals. No exceptions were noted.

Recruiting and Team Travel– We obtained and documented an understanding of the University's recruiting and team travel expense policies. We compared and agreed to the existing University and NCAA related policies. No exceptions were noted.

Indirect Facilities and Administrative Support– We obtained and documented an understanding of the University's methodology for allocating indirect facilities support. We compared and agreed Indirect Facilities and Administrative Support reported by the University in the statement to the corresponding revenue category reported by the institution in the statement. We recalculated totals. No exceptions were noted.

Capitalized Assets

- We obtained a schedule of total intercollegiate athletics capitalized assets, additions, and improvements of facilities, and agreed on a test basis to the University's general ledger. No exceptions were noted.
- We obtained an understanding of the University policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics related assets.
- On a test basis, we obtained and reviewed supporting documentation for significant capitalized additions that constituted 10% or more of all capitalized additions made by intercollegiate athletics during the reporting period. No exceptions were noted.

Booster Organizations

- We obtained from the management of The Ohio State University a list of outside organizations and their related financial activities for the year ended June 30, 2008, as they relate to the Intercollegiate Athletics Programs of the University. We agreed total revenues and expenses, or total cash receipts and disbursements, of all booster organizations for the year ended June 30, 2008, with amounts obtained from the official responsible for each respective booster organization. We noted the following exception:

Although all booster organizations confirmed revenue and disbursement activities for the year, we did not receive requested supporting documentation for selected receipts and expenses from The Rebounders Club and Center Ice.

Agreed-Upon Procedure Related to the Internal Control Over Compliance

We have performed the procedures below, which were agreed to by the University, solely to assist in evaluating management's assertion about the effectiveness of the University's internal control over compliance. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected. Also, projections by the specified users of their evaluation of the internal control structure over financial reporting to future periods are subject to risk that the internal control structure may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our procedures and results are as follows:

- Certain inquiries were made of the Controller's Office and Intercollegiate Athletic Department personnel relating to the procedures and internal accounting controls unique to the Intercollegiate Athletic Department, specifically, departmental organization, control consciousness of staff, use of internal auditors in the department, competency of personnel, adequate safeguarding and control of records and assets, and controls over interaction with the information technology department. No exceptions were noted.

We were not engaged to perform an audit, the objective of which would be the expression of an opinion, on the financial statements of the Intercollegiate Athletic Department of the University. Accordingly, we do not express such an opinion. Had we been engaged to perform additional procedures, other matters might have come to our attention that would have been reported to you. Nor were we engaged to perform an examination, the objective of which would be the expression of an opinion on management's assertion about the effectiveness of the internal control structure over financial reporting. Accordingly, we do not express such an opinion. Had we been engaged to perform additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of members of the audit committee, board of regents, administration of the University, or an authorized representative of the NCAA, and is not intended to be, and should not be, used by anyone other than these specified parties.

Parm & Company, LLC

December 18, 2008

THE OHIO STATE UNIVERSITY INTERCOLLEGIATE ATHLETICS DEPARTMENT

EXHIBIT A

STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2008 (UNAUDITED)

	Football	Men's Basketball	Women's Basketball	Other Sports Men	Other Sports Women	Nonprogram Specific	Total
Operating Revenues:							
Ticket Sales	\$ 32,093,977	4,344,163	320,057	542,330	66,359	705,904	\$ 38,072,790
Post Season Event	6,181,753	2,352,848	-	-	-	55,824	8,590,425
Program Sales	372,769	28,239	8,707	-	-	48,720	458,435
Novelty Sales	-	-	-	-	-	2,877,144	2,877,144
Radio and T.V. Rights	3,981,442	4,184,036	(360)	(3,180)	-	7,442,000	15,603,938
Concessions	1,666,113	425,876	81,293	175,040	28,711	344,746	2,721,779
Gifts:							
Restricted	514,336	34,272	-	67,930	14,986	1,238,476	1,870,000
Grant-in-Aid	2,621,540	443,750	527,072	3,611,876	6,013,696	-	13,217,934
Parking	1,178,459	91,658	39,282	-	-	7,805	1,317,204
Investment Income:							
Unrestricted	-	-	-	-	-	1,007,424	1,007,424
Endowment Income:							
Restricted	-	-	-	-	-	-	-
Postage/Service Charges	381,969	25,550	13,927	18,898	1,154	152,192	593,690
Advertising	-	-	-	-	-	5,418,949	5,418,949
Entry Fees	-	-	-	-	-	3,035,057	3,035,057
Facility Rentals	-	-	-	-	-	194,554	194,554
Miscellaneous	(720)	504,580	150,600	153,657	14,363	2,398,339	3,220,819
Golf Course	-	-	-	-	-	2,543,696	2,543,696
Ice Rink	-	-	-	-	-	459,736	459,736
Total Operating Revenues	48,991,638	12,434,972	1,140,578	4,566,551	6,139,269	27,930,566	101,203,574
Operating Expenditures:							
Coaches' Salaries	3,509,808	1,505,401	1,092,903	2,971,909	2,891,056	10,469,565	22,440,642
Other Salaries	659,501	291,694	171,389	350,840	208,453	13,149,634	14,831,511
Travel:							
Team and other	2,213,663	472,501	478,027	1,204,537	1,373,515	1,054,562	6,796,805
Recruiting	423,906	156,978	75,173	219,448	262,737	4,478	1,142,720
Guarantees-net	2,610,166	(246,054)	68,801	44,429	15,256	75,239	2,567,837
Financial Aid	2,621,540	443,750	527,072	3,611,876	6,013,696	-	13,217,934
Maintenance/General	4,523,331	517,964	177,619	909,041	1,059,689	16,889,439	24,077,083
Equipment Purchases	37,232	5,137	1,195	6,370	42,989	501,331	594,254
Advertising	-	-	-	-	-	326,495	326,495
Insurance	-	-	-	-	-	46,410	46,410
Telephone	73,504	13,475	8,523	29,879	19,894	351,745	497,020
Food	662,726	40,313	1,002	102,518	95,267	794,050	1,695,876
Lodging	228,556	1,370	216	9,572	24,551	63,802	328,067
Indirect Overhead	-	-	-	-	-	5,063,261	5,063,261
Physical Facilities	-	-	-	-	-	382,836	382,836
Total Operating Expenditures	17,563,933	3,202,529	2,601,920	9,460,419	12,007,103	49,172,847	94,008,751
Excess (Deficiency) of Revenues over Expenditures	\$ 31,427,705	9,232,443	(1,461,342)	(4,893,868)	(5,867,834)	(21,242,281)	\$ 7,194,823

**THE OHIO STATE UNIVERSITY
INTERCOLLEGIATE ATHLETIC DEPARTMENT**

**NOTES TO STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2008**

1. SUMMARY OF PRESENTATION POLICIES

The amounts in the accompanying statement of revenues and expenditures were obtained from The Ohio State University's (the University's) trial balance, which is maintained on an accrual basis. All revenues and expenditures directly related to various sports were disclosed. All remaining revenues and expenditures are non-program specific. The University records depreciation on physical plant and equipment; however, depreciation is not part of the statement of revenues and expenditures.

2. OTHER SPORTS

Other sports include baseball, cross country, fencing, field hockey, pistol, rifle, softball, synchronized swimming, wrestling, men's and women's track and field, men's and women's golf, men's and women's gymnastics, men's and women's ice hockey, men's and women's lacrosse, women's rowing, men's and women's soccer, men's and women's swimming and diving, men's and women's tennis, and men's and women's volleyball.

3. GIFTS

Gift revenue included in the statement of revenues and expenditures represents gifts given to the Intercollegiate Athletic Department that did not contain any donor-imposed restrictions, or gifts for which donor-imposed restrictions were met during the current fiscal year.

There were no individual contributions in excess of 10% of all contributions received for the Intercollegiate Athletic Department for the year ended June 30, 2008.

4. OTHER FORMS OF COMPENSATION

The value of volunteer assistant coaching services, according to NCAA financial audit guidelines, should be reported as contributions and as salary expenditures. The University estimates that the value of volunteer assistant coaching services is not material to the statement of revenues and expenditures and, therefore, is not reflected.

**THE OHIO STATE UNIVERSITY
INTERCOLLEGIATE ATHLETIC DEPARTMENT**

**NOTES TO STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2008**

5. PROPERTY, PLANT AND EQUIPMENT

Intercollegiate athletics-related assets are accounted for consistent with the University's policies for property, plant and equipment. Property, plant and equipment valued at \$5,000 or more are recorded at cost at date of acquisition or, if acquired by gift, at estimated fair value at date of gift. Additions to plant assets are capitalized, while maintenance and minor renovations are charged to operations. Property, plant and equipment assets are reflected net of accumulated depreciation calculated on a straight-line basis over the estimated useful lives ranging from 3 to 100 years.

	Balance June 30, 2007	Additions	Transfers In (Out)	Disposals	Balance June 30, 2008
Capital assets not being depreciated:					
Construction in progress	<u>\$ 20,895,005</u>	<u>6,409,163</u>	<u>(24,871,948)</u>	-	<u>\$ 2,432,220</u>
Total capital assets not being depreciated	20,895,005	6,409,163	(24,871,948)	-	2,432,220
Capital assets being depreciated:					
Buildings	294,510,213	19,768,911	-	-	314,279,124
Capital improvements	23,165,807	926,728	-	(1,238,219)	22,854,316
Machinery and equipment	<u>7,087,594</u>	<u>469,709</u>	<u>82,365</u>	<u>(380,485)</u>	<u>7,259,183</u>
Total capital assets being depreciated	<u>324,763,614</u>	<u>21,165,348</u>	<u>82,365</u>	<u>(1,618,704)</u>	<u>344,392,623</u>
Total capital assets	<u>345,658,619</u>	<u>27,574,511</u>	<u>(24,789,583)</u>	<u>(1,618,704)</u>	<u>346,824,843</u>
Less accumulated depreciation:					
Buildings	73,285,876	9,313,454	-	-	82,599,330
Capital improvements	8,918,490	765,889	-	(988,028)	8,696,351
Machinery and equipment	<u>4,592,128</u>	<u>493,822</u>	<u>2,745</u>	<u>(429,890)</u>	<u>4,658,805</u>
Total accumulated depreciation	<u>86,796,494</u>	<u>10,573,165</u>	<u>2,745</u>	<u>(1,417,918)</u>	<u>95,954,486</u>
Total capital assets being depreciated, net	<u>237,967,120</u>	<u>10,592,183</u>	<u>79,620</u>	<u>(200,786)</u>	<u>248,438,137</u>
Capital assets - net	<u>\$ 258,862,125</u>	<u>\$ 17,001,346</u>	<u>\$(24,792,328)</u>	<u>\$ (200,786)</u>	<u>\$ 250,870,357</u>

**THE OHIO STATE UNIVERSITY
TRAUMATIC BRAIN INJURY NETWORK**

**Independent Accountants' Report
on Agreed-Upon Procedures Performed
As Specified By**

**The Ohio Department of Alcohol, Drug Addiction
and Mental Health Services
(UPID Number 6707)**

and

ADAMH Services Board of Franklin County

For The Year Ended June 30, 2008

PARMS & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

**THE OHIO STATE UNIVERSITY
TRAUMATIC BRAIN INJURY NETWORK**

**AGREED-UPON PROCEDURES
PERFORMED ON THE ACTUAL UNIT COST REPORT**

For the Year Ended June 30, 2008

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**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

The Ohio State University
Traumatic Brain Injury Network

We have performed the procedures as enumerated on pages 2 through 7 which were agreed to by the Ohio Department of Alcohol and Drug Addiction Services (ODADAS) solely to assist you in evaluating the accompanying Actual Uniform Cost Reports (FIS-047) prepared by The Ohio State University Traumatic Brain Injury Network for the year ended June 30, 2008, in accordance with the criteria contained in ODADAS Administrative Rule Number 3793:2-1-10. The Ohio State University Traumatic Brain Injury Network's management is responsible for the Actual Uniform Cost Reports. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purposes.

We were not engaged to and did not perform an examination, the objectives of which would be the expression of an opinion on the Actual Uniform Cost Reports prepared by The Ohio State University, Traumatic Brain Injury Network. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than those specified parties.

Parms & Company, LLC

December 29, 2008

**THE OHIO STATE UNIVERSITY
 TRAUMATIC BRAIN INJURY NETWORK
 REPORT ON APPLICATION OF AGREED-UPON PROCEDURES ON UNIFORM COST REPORT
 For the Year Ended June 30, 2008**

Number	Area Tested	Test Procedure(s)	Test Result(s)
1	Procedure One – Mathematical Accuracy Testing		
1 (a)		Obtain a reconciliation of the total costs reported on the AUCR to the general ledger and/or the independently audited financial statements for the year ended June 30, 2008. Compare the amounts listed on the reconciliation to the amounts listed on the general ledger and/or independently audited financial statements for the SFY being verified. Identify and document any material variances (greater than plus or minus two percent) and obtain management's explanation of the material variance(s) for inclusion in the AUCR AUP report.	Reconciled costs reported on the AUCR with the OSU's general ledger accounts for the TBI Network.
1 (b)		For and by each service with costs being reported on the AUCR:	
1 (b) i		Sum the values reported in columns 4 and 5 to verify the result is equal to the value reported in the corresponding column 6;	Amounts are totaled correctly.
1 (b) ii		Sum the values reported in columns 6 and 7 to verify the result is equal to the value reported in the corresponding column 8;	Amounts are totaled correctly.
1 (b) iii		Verify the value reported in column 9 is equal to the result of dividing the value in column 8 by the value in column 2;	Amounts are computed correctly.
1 (b) iv		Verify the value reported in column 11 is equal to the result of subtracting the value in column 10 from the value in column 8;	Amounts are totaled correctly.
1 (b) v		Verify the value reported in column 12 is equal to the result of dividing the value in column 11 by the value in column 2;	Amounts are computed correctly.

**THE OHIO STATE UNIVERSITY
 TRAUMATIC BRAIN INJURY NETWORK
 REPORT ON APPLICATION OF AGREED-UPON PROCEDURES ON UNIFORM COST REPORT
 For the Year Ended June 30, 2008**

Number	Area Tested	Test Procedure(s)	Test Result(s)
1 (b) vi		Verify the values reported in the "Total MH Services" or the "Totals for AOD Services" are equal to the sum of the values reported in the corresponding column;	Amounts are totaled correctly.
1 (b) vii		Verify the values reported in the "Agency Total"/"Total for Agency" are equal to the sum of the values reported in the corresponding column.	Amounts in total/total for agency equal total in corresponding column.
2	Personnel Costs Verification		
2 (a)		Compare the personnel costs reported in column 4 of the AUCR to the salaries, wages and fringe benefits reported on the independently audited financial statements or Federal Internal Revenue Service Employer Form 941 for the SFY. Identify and document any material variances (greater than plus or minus two percent) and obtain management's explanation of the material variance(s) for inclusion in the AUCR AUP report.	TBI Network is a department within The Ohio State University. We traced personnel costs to the general ledger accounts applicable to the TBI Network and agreed reported salaries for the department to salary listings per the Human Resource department of the University.
2 (b) i		Compare the costs for allowability and unallowability as defined in Ohio Administrative Code 5122-26-19 sections (1) and (2) of paragraph (H) or Ohio Administrative Code 3793:2-1-09 paragraphs (H)(1) and (H)(2);	Amounts are correctly reported on cost report.
2 (b) ii		Compare the allocation methods used to determine whether the costs are documented as direct service (column 4a) or support service (column 4b) costs;	Allocation methods appear to be appropriate.

THE OHIO STATE UNIVERSITY
TRAUMATIC BRAIN INJURY NETWORK
REPORT ON APPLICATION OF AGREED-UPON PROCEDURES ON UNIFORM COST REPORT
For the Year Ended June 30, 2008

Number	Area Tested	Test Procedure(s)	Test Result(s)
2 (b) iii		Compare the allocation method or methods used to determine which service personnel costs have been allocated to;	Allocation methods appear to be appropriate.
2 (b) vi		Verify any unallowable costs are allocated in the same manner they were originally allocated and are documented in the appropriate service row of column 10 of the AUCR;	There were no unallowable costs.
2 (b) v		Identify and document any material variances (greater than plus or minus two percent) and obtain management's explanation of the material variance(s) for inclusion in the AUCR AUP report.	There were no variances greater than plus or minus two percent.
3	Non-Personnel Costs Verification		
3 (a)		From the non-personnel costs reported in column 5 of the AUCR, select a haphazard sample (as defined in the American Institute of Certified Public Accountants audit sampling guide) of checks and/or electronic funds transfer (EFT) disbursements, equal to twenty percent or forty checks and/or EFT disbursements, whichever is less. Perform the following procedures on each selected check or EFT disbursement:	We haphazardly selected 40 expenditure transactions.
3 (a) i		Compare the costs the check or EFT disbursement is for to the appropriate allowability or unallowability criteria listed in Ohio Administrative Code 5122-26-19 sections (1) and (2) of paragraph (H) or Ohio Administrative Code 3793:2-1-09 paragraphs (H)(1) and (H)(2);	There were no unallowable costs.

**THE OHIO STATE UNIVERSITY
 TRAUMATIC BRAIN INJURY NETWORK
 REPORT ON APPLICATION OF AGREED-UPON PROCEDURES ON UNIFORM COST REPORT
 For the Year Ended June 30, 2008**

Number	Area Tested	Test Procedure(s)	Test Result(s)
3 (a) ii		Verify the allocation method or methods used for the sampled non-personnel costs have been made in accordance with the procedures outlined in the Ohio Administrative Code rule 5122-26-19, Appendix or Ohio Administrative Code 3793:2-1-09, Appendix A;	Allocation method used is in accordance with the Ohio Administrative Code.
3 (a) iii		Verify any unallowable costs are allocated in the same manner they were originally allocated and are documented in the appropriate service row of column 10 of the AUCR;	There were no unallowable costs.
3 (a) vi		Identify and document any material variances (greater than plus or minus two percent) and obtain management's explanation of the material variance(s) for inclusion in the AUCR AUP report.	There were no material variance greater than plus or minus two percent.
	4 Administrative Overhead Costs Verification		
4 (a)		From the administrative overhead costs reported in column 7 of the AUCR, select a haphazard sample (as defined in the American Institute of Certified Public Accountants audit sampling guide) of checks and/or electronic funds transfer (EFT) disbursements, equal to 10 percent or 20 checks and/or EFT disbursements, whichever is less. Perform the following procedures on each selected check or EFT disbursement:	Due to the size and limited number of transactions of the TBI Network, we reviewed 10 percent of the transactions.

**THE OHIO STATE UNIVERSITY
 TRAUMATIC BRAIN INJURY NETWORK
 REPORT ON APPLICATION OF AGREED-UPON PROCEDURES ON UNIFORM COST REPORT
 For the Year Ended June 30, 2008**

Number	Area Tested	Test Procedure(s)	Test Result(s)
4 (a) i		Compare the costs the check or EFT disbursement is for to the appropriate allowability or unallowability criteria listed in Ohio Administrative Code 5122-26-19 sections (1) and (2) of paragraph (H) or Ohio Administrative Code 3793:2-1-09 paragraphs (H)(1) and (H)(2);	There were no unallowable costs.
4 (a) ii		Determine if the administrative overhead costs were allocated using only one of the allowable methods described in the Ohio Administrative Code rule 5122-26-19, Appendix or Ohio Administrative Code 3793:2-1-09, Appendix A;	Allocation method used is in accordance with the Ohio Administrative Code.
4 (a) iii		Verify any unallowable costs are allocated in the same manner they were originally allocated and are documented in the appropriate service row of column 10 of the AUCR;	There were no unallowable costs.
4 (a) iv		Identify and document any material variances (greater than plus or minus two percent) and obtain management's explanation of the material variance(s) for inclusion in the AUCR AUP report.	There were no material variance greater than plus or minus two percent.
5	Units of Service Verification		
5 (a)		From and by each service with costs reported on the AUCR, select a haphazard sample (as defined by the American Institute of Certified Public Accountants audit sampling guide) of the reported units of service, equal to 20 percent or 40 total units, whichever is less. Perform the following procedures on the selected units:	Due to the size and limited number of transctions of the TBI Network, we reviewed at least 20 percent of the units of services provided for each service.

**THE OHIO STATE UNIVERSITY
 TRAUMATIC BRAIN INJURY NETWORK
 REPORT ON APPLICATION OF AGREED-UPON PROCEDURES ON UNIFORM COST REPORT
 For the Year Ended June 30, 2008**

Number	Area Tested	Test Procedure(s)	Test Result(s)
5 (a) i		Verify documentation exists in client records to support the number of units selected;	There was documentation to support reported units of services.
5 (a) ii		Compare the type of service selected to determine if it is reported in the appropriate service line of column 2;	Services were reported in the appropriate service line.
5 (a) iii		Identify and document any material variances (greater than plus or minus two percent) and obtain management's explanation of the material variance(s) for inclusion in the AUCR AUP report.	There were no material variance greater than plus or minus two percent.
6 (a)	6 First BUCR to AUCR comparison	Compare the first BUCR to the AUCR and verify the methods of cost reporting selected are the same as the methods used when completing the AUCR.	No differences noted in the methods of cost reporting between the BUCR and AUCR

Franklin County Uniform Cost Report (UCR)
Alcohol & Other Drug

FY 2008 Reconciliation

Agency Name: TRI Network
Agency Address: 106 McCambell Hall, 1581 Dodd Drive
Columbus, OH

Fiscal Year Budget: FY 2008
MACSIS UPI: 6707
Agency Telephone Number: 614-292-4539
Owner Federal Tax I.D. Number: 316025926

1. Type of Service	HCPCS / Procedure Code	Unit Definition	2. # of Units	3. Number of FTE Assists		4. Personnel Costs		5. Service Non-Personnel Costs	6. Service Total Costs	7. Allocation of Admn. Overhead	8. Total Costs	9. Cost Per Unit	10. Unallowabl e Costs	11. Total Allowable Costs	12. Allowable Cost Per Unit
				Direct Service	Support Service	Direct Service	Support Service								
TREATMENT SERVICES															
Ambulatory Detoxification	H0014	24 hour													
Assessment	H0001	60 minutes	646.2	0.429	0.205	\$20,256.36	\$10,659.70	\$18,028.52	\$46,942.58	\$9,899.36	\$56,790.94	\$127.18	\$0.00	\$56,790.94	\$127.18
Case Management	H0008	60 minutes	2,843.2	2.734	0.867	\$132,167.30	\$54,724.44	\$91,078.74	\$277,970.49	\$59,332.86	\$337,263.34	\$118.62	\$0.00	\$337,263.34	\$118.62
Crisis Intervention	H0007	60 minutes	18.5	0.018	0.008	\$826.79	\$319.64	\$643.72	\$1,968.14	\$423.60	\$2,414.04	\$130.84	\$0.00	\$2,414.04	\$130.84
Family Counseling	T1000	15 minutes													
Group Counseling	H0005	15 minutes	7,857	0.546	0.420	\$26,484.60	\$75,548.66	\$24,443.19	\$76,476.46	\$16,507.26	\$92,984.41	\$11.69	\$0.00	\$92,984.41	\$11.69
Individual Counseling	H0004 001	15 minutes	1,940	0.466	0.118	\$22,012.49	\$6,082.03	\$14,781.78	\$42,876.30	\$8,913.20	\$51,789.50	\$26.70	\$0.00	\$51,789.50	\$26.70
Intensive Outpatient	H0015	24 hour													
Laboratory Urinalysis	H0003	1 screen													
Medical Records	H0016	60 minutes													
Medication Administration	H0020	1 dose													
Sub Acute Detoxification	H0012	24 hour													
23 Hour Observation Bed	99236	24 hour													
Urine Dip Screen	A0760	1 screen													
COMMUNITY RESIDENTIAL TREATMENT includes Room & Board costs															
Med. Comm. Residential TX - Hospital Setting	A1210	24 hour													
Med. Comm. Residential TX - Non-Hospital Setting	A0230	24 hour													
Non-Medical Community Residential TX	A1220	24 hour													
BH COMMUNITY RESIDENTIAL TREATMENT Excludes Room & Board costs															
BH Med. Comm. Residential TX - Hospital Setting	H0017	24 hour													
BH Med. Comm. Residential TX - Non-Hospital Setting	H0018	24 hour													
BH Non-Medical Community Residential TX	H0019	24 hour													
COMMUNITY SERVICES															
Consultation	A0560	60 minutes													
Hotline	H0030	60 minutes													
Intervention	H0022	60 minutes													
Outreach	H0023	60 minutes													
Referral and Information	A0510	60 minutes													
Training	H0021	60 minutes													
PREVENTION SERVICES															
Alternatives	A0660	60 minutes													
Community-Based Process	A0630	60 minutes													
Education	A0620	60 minutes													
Environmental	A0640	60 minutes													
Information Dissemination	A0610	60 minutes													
Problem Identification and Referral	A0650	60 minutes													
ADJUNCTIVE ALCOHOL AND DRUG SERVICES															
Child Care	T1009	60 minutes													
Meals	T1010	1 meal													
Room and Board	A0740	24 hour													
Transportation	A0750	1 month													
AOD Services Not Otherwise Classified	H0047	60 minutes													
DRIVER INTERVENTION PROGRAMS:															
Non-Residential DIP	n/a	1 unit													
Residential DIP - 48 Hour	n/a	1 unit													
Residential DIP - 72 Hour	n/a	1 unit													
OTHER:															
Administrative Overhead															
Mental Health Services															
Title IV-E Services															
Non ADD/MH/Title IV-E Services					1.017		\$71,001.07		\$71,001.07		\$71,001.07			\$71,001.07	
TOTALS															
TOTALS FOR ADD SERVICES			13,204.5	8.993	1.617	\$201,747.53	\$97,530.48	\$146,975.94	\$448,253.95	\$94,948.27	\$541,202.23	\$0.00	\$0.00	\$541,202.23	\$0.00
TOTALS FOR AGENCY			4,193	2.634		\$201,747.53	\$168,531.55	\$146,975.94	\$517,255.02	\$94,948.27	\$612,203.29	\$0.00	\$0.00	\$612,203.29	\$0.00

I certify that this UCR and all supporting documentation have been completed in accordance with OAC 3793.2-1-09

Name/Title: [Signature] Director
Date: 1/27/10



Mary Taylor, CPA
Auditor of State

THE OHIO STATE UNIVERSITY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 12, 2009**