

OSU Global Gateways, LLC

Financial Statements

**As of and for the Years Ended December 31, 2020 and 2019 and
Report of Independent Auditors**

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
OSU Global Gateways, LLC
2040 Blankenship Hall
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We have reviewed the *Independent Auditor's Report* of the OSU Global Gateways, LLC, Franklin County, prepared by PricewaterhouseCoopers LLP, for the audit period January 1, 2020 through December 31, 2020. 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 OSU Global Gateways, LLC is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 09, 2021

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OSU Global Gateways, LLC

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December 31, 2020 and 2019

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Report of Independent Auditors

To the Management of OSU Global Gateways, LLC:

We have audited the accompanying financial statements of the business-type activities of OSU Global Gateways, LLC (the “Global Gateways”), a component unit of The Ohio State University, appearing on pages 10-15, which comprise the statements of net position as of December 31, 2020 and 2019, and the related statements of revenues, expenses, and changes in net position and of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise Global Gateways’ basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditors’ Responsibility

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

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of OSU Global Gateways, LLC as of December 31, 2020 and 2019 and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The accompanying management's discussion and analysis on pages 3 through 9 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by *the Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2021 on our consideration of Global Gateways' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended December 31, 2020. The purpose of that report is solely 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 effectiveness of the entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Global Gateways' internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

June 30, 2021

OSU Global Gateways, LLC

Management's Discussion and Analysis (Unaudited)

December 31, 2020 and 2019

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of OSU Global Gateways, LLC ("Global Gateways") for the year ended December 31, 2020, with comparative information for the years ended December 31, 2019 and 2018. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

About Global Gateways

The OSU Global Gateways represents an initiative to establish a physical presence for The Ohio State University (the "university") in strategic locations around the globe. These offices integrate the international dimensions within every facet of the institution, and each location capitalizes on the strengths of Ohio State's connections across the globe through education abroad programs, international students, faculty teaching and research, university partnerships, alumni and Ohio businesses. The Global Gateways entity acts as the funding channel for all the gateway offices established through this initiative.

The first Global Gateway opened in February 2010 in Shanghai, China, and the second Global Gateway opened in March 2012 in Mumbai, India. A third Global Gateway opened in September 2014 in São Paulo, Brazil. The first office in China was funded centrally by the university, while the India Gateway office was funded through university contributions at college or departmental levels. All offices are now funded centrally on an annual basis.

iAGRI – Tanzania, LLC (iAGRI) was established in 2011 as a separate entity affiliated with OSU Global Gateways, LLC. iAGRI engages in sponsored research activities in Tanzania. Its funding is in the form of research grants managed by the Office of Sponsored Programs, a unit of the university's Office of Research. iAGRI was dissolved and is no longer a registered LLC.

Ohio State Global One Health Initiative, LLC (GOHi) was established in 2017 as a separate entity affiliated with OSU Global Gateways, LLC. GOHi has a physical presence in Ethiopia and engages primarily in sponsored research activities throughout eastern Africa. The majority of funding for GOHi is in the form of research grants managed by the Office of Sponsored Programs, a unit of the university's Office of Research. The GOHi office manages a separate bank account for any transfers that are not processed through the Office of Sponsored Programs.

About the Financial Statements

Global Gateways presents its financial reports in a "business type activity" format, in accordance with Governmental Accounting Standards Board Statement No. 34,

OSU Global Gateways, LLC

Management's Discussion and Analysis (Unaudited)

December 31, 2020 and 2019

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 Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows and Notes to the Financial Statements.

Financial Highlights

Calendar year 2020 represents the eleventh year of operations for Global Gateways. The financial activity during the year consists of funds transferred from the university to Global Gateways to cover expenses associated with the continuing operations of the China, India and Brazil Gateway offices.

The following sections provide additional details on Global Gateways' 2020 financial results and a look ahead at significant economic conditions that are expected to affect Global Gateways in the future.

Statements of Net Position

Summary Statement of Net Position

	<u>2020</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Current Assets			
Cash	\$ 9,583	\$ 9,393	\$ 9,763
Accounts receivable - university	-	-	9,798
	<hr/>	<hr/>	<hr/>
Total current assets	9,583	9,393	19,561
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 9,583</u>	<u>\$ 9,393</u>	<u>\$ 19,561</u>
LIABILITIES AND NET POSITION			
Current Liabilities			
Accrued expenses	\$ -	\$ -	\$ 9,798
	<hr/>	<hr/>	<hr/>
Total current liabilities	-	-	9,798
	<hr/>	<hr/>	<hr/>
Unrestricted	9,583	9,393	9,763
	<hr/>	<hr/>	<hr/>
Total net position	9,583	9,393	9,763
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 9,583</u>	<u>\$ 9,393</u>	<u>\$ 19,561</u>

Total **current assets** increased \$190, to \$9,583 at December 31, 2020. This amount increased due to funds being transferred into the account in USD and to

OSU Global Gateways, LLC
Management's Discussion and Analysis (Unaudited)
December 31, 2020 and 2019

the China Gateway in CNY and ensuring that there are ample funds to cover any currency exchange variation. The Statements of Cash Flows, which are discussed in more detail below, provide additional details on sources and uses of Global Gateways cash.

Statements of Revenues, Expenses and Changes in Net Position

Statement of Revenues, Expenses and Changes in Net Position

	<u>2020</u>	<u>2019</u>	<u>2018</u>
OPERATING REVENUES:	\$ -	\$ -	\$ -
Total operating revenues	-	-	-
OPERATING EXPENSES:			
Operating expenses of Chinese affiliate	410,460	655,578	427,752
Operating expenses of Indian affiliate	269,591	227,335	301,640
Operating expenses of Brazilian affiliate	111,548	212,908	138,785
Setup expenses of Ohio State Global One Health Initiative, LLC	-	(9,798)	7,207
Total operating expenses	791,599	1,086,023	875,384
OPERATING LOSS	(791,599)	(1,086,023)	(875,384)
NON-OPERATING REVENUES AND EXPENSES:			
Subsidy from The Ohio State University	791,789	1,085,653	876,248
INCREASE (DECREASE) IN NET POSITION	190	(370)	864
NET POSITION -- Beginning of Year	9,393	9,763	8,899
NET POSITION -- End of Year	<u>\$ 9,583</u>	<u>\$ 9,393</u>	<u>\$ 9,763</u>

Total operating expenses of Global Gateways, as of December 31, 2020, decreased \$294,424, to \$791,599. Operating expenses include, but are not limited to, insurance, rental of office space, utilities, supplies, purchased services, equipment and personnel expenses for employees assigned to the Gateway offices.

The operating expenses of the China Gateway decreased \$245,118, to \$410,460. This is primarily due to the China Gateway office being down one full-time employee, and decreased travel and activities due to the COVID-19 pandemic.

The operating expenses of the India Gateway increased \$42,256, to \$269,591. The increase is because remaining reimbursement transfers were made to the office in order to bring the office up to date on reimbursed expenses.

OSU Global Gateways, LLC

Management's Discussion and Analysis (Unaudited)

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The operating expenses of the Brazil Gateway decreased \$101,360, to \$111,548, This is primarily due to the Brazil Gateway being down one full-time staff member and decreased travel and activities due to the COVID-19 pandemic.

The operating expenses of the Ohio State Global One Health Initiative, LLC increased \$9,798, to \$0, due to payment of 2018 legal expenses in 2019 by Ohio State Global One Health Initiative, LLC related to the formation of the new entity.

Total non-operating revenues of Global Gateways, as of December 31, 2020, decreased \$293,864, to \$791,789. Non-operating revenues consist of support from the university through its Office of International Affairs and the Office of Academic Affairs.

Total net position (equity) of Global Gateways increased \$190, to \$9,583 at December 31, 2020. It should be noted that the required subtotal for net operating income or loss will generally reflect a "loss", primarily due to the way operating and non-operating items are defined under GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating expenses include virtually all Global Gateways expenses. Operating revenues, however, *exclude* certain significant revenue streams that Global Gateways relies upon to fund current operations, including direct support from the university and current-use gifts.

Statements of Cash Flows

Statement of Cash Flows

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash Provided by (Used in):			
Operating activities	\$ (791,599)	\$ (1,095,821)	\$ (868,177)
Noncapital financing activities	791,789	1,095,451	869,041
Capital and related financing activities	-	-	-
Investing activities	-	-	-
Net Increase (Decrease) in Cash	190	(370)	864
Cash - Beginning of Year	<u>9,393</u>	<u>9,763</u>	<u>8,899</u>
Cash - End of Year	<u>\$ 9,583</u>	<u>\$ 9,393</u>	<u>\$ 9,763</u>

Total cash decreased \$190, to \$9,583 as of December 31, 2020. Operating activities include all expenses related to the continued operation of the three gateway offices. Non-capital financing activities include direct operating support from the university.

OSU Global Gateways, LLC

Management's Discussion and Analysis (Unaudited)

December 31, 2020 and 2019

Economic Factors That Will Affect the Future

Sustainability of operations in all four countries will require a return to normalcy from the global pandemic, as well as relative political and economic stability. In terms of the pandemic, China is of low to moderate concern, while India and Brazil are of high concern as cases remain high and lockdowns are in place across the regions. Ohio State is monitoring these closely.

China Gateway

The China Gateway has now completed its tenth year of operation as a Wholly Foreign Owned Enterprise (WFOE). The WFOE designation allows the company to provide consulting services, arrange conferences and meetings, and allows the Gateway office to generate revenue in country. The China Gateway's activities focus on pre-departure orientation and programming for incoming students, as well as facilitating alumni activities across the region to remain connected with fellow Buckeyes and the university.

With the WFOE business status, the China Gateway office programming can include partnering with institutes and developing conferences and programs to be offered for businesses, universities, hospitals and government institutions on emerging topics.

Due to the impact of COVID-19, international travel from the university has been restricted, and a number of physical events have moved to virtual or been postponed or cancelled. Given the current state of the pandemic in China, in-country travel and in-person events are now being held in China related to recruitment activities, student engagement, pre-departure orientations for incoming students, and alumni gatherings.

India Gateway

The India Gateway has completed its ninth year of operation as a Private Limited Company (PLC). The India Gateway currently facilitates research collaborations and corporate engagements across the healthcare, business and engineering verticals while working with partners in academia, industry and government. Additionally, the office supports recruitment efforts through outreach to incoming students and holding pre-departure orientation events. The India Gateway also provides assistance to those wanting to visit India as part of education abroad programs as well as supporting university advancement by connecting and grooming relationships with alumni and friends of the university based in India.

OSU Global Gateways, LLC

Management's Discussion and Analysis (Unaudited)

December 31, 2020 and 2019

Due to the pandemic, the India Gateway has continued to offer core services through an online platform that includes synchronous and asynchronous modes of delivery. One such example is Fisher College of Business' executive education program that shifted to remote learning once travel was no longer possible due to the pandemic.

Brazil Gateway

The Brazil Gateway is in its sixth year of operation. The Brazil Gateway is operating as a Limitada (LTDA), equivalent to a Limited Liability Company (LLC) in the United States. The Brazil Gateway supports the university in the key areas of students, research/faculty, alumni and partnerships by building upon Ohio State's more than 50 years of strategic engagement with Brazilian institutions.

The impact of the pandemic has shifted local operations such as meetings with prospective and current partners for new collaborations, attending recruitment fairs as well as conferences for networking and research partnerships, events to engage alumni and friends, and in-country programming for visiting faculty and students participating in education abroad or other experiential learning opportunities to an online or virtual format.

The first conference on digital pathology in collaboration with the James Comprehensive Cancer Center and Barretos Cancer Hospital was held virtually through Zoom in Fall 2020. The Brazil Gateway team adapted its programming to offer online webinars on a diverse range of topics to continue engaging its stakeholders during the pandemic.

The economic impact of COVID-19 in Brazil will certainly affect those who were looking for a full degree in the U.S., but it is expected that it will increase Brazilian interest in online, short-term, and executive education programs that tend to be more affordable. The Brazil Gateway plans to focus on such opportunities, although it will need the support of Ohio State related departments.

Global One Health – Ethiopia Office

This office was opened in conjunction with a federally funded award from the Center for Disease Control (CDC) to have a platform in Ethiopia for applied research and capacity building. GOH, LLC was created to allow hiring of personnel in Ethiopia to perform work related to this cooperative agreement and fulfill mission and vision of the Global One Health paradigm. Since then, additional grant awards have been obtained and sub-awarded to GOHi and its affiliated

OSU Global Gateways, LLC
Management's Discussion and Analysis (Unaudited)
December 31, 2020 and 2019

entity, GOH, LLC, which is registered as a non-governmental organization (NGO) in Ethiopia.

GOH, LLC has been active in responding to COVID-19 mitigation and is working closely with the Ethiopian Ministries of Health, Science and Higher Education. GOH, LLC has been successful in garnering additional funding from other various federal and foundation sources including the U.S. Agency for International Development, National Institutes of Health, Bill & Melinda Gates Foundation, Resolve to Save Lives, Vital Strategies Inc. Foundation, among others. These grants are administered via Ohio State's Office of Sponsored Programs.

OSU Global Gateways, LLC
Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash	\$ 9,583	\$ 9,393
Total current assets	<u>9,583</u>	<u>9,393</u>
Total Assets	<u>\$ 9,583</u>	<u>\$ 9,393</u>
Net Position		
Unrestricted	<u>9,583</u>	<u>9,393</u>
Total Net Position	<u>9,583</u>	<u>9,393</u>
Total Liabilities and Net Position	<u>\$ 9,583</u>	<u>\$ 9,393</u>

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

OSU Global Gateways, LLC
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2020 and December 31, 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Total Operating Revenue	\$ -	\$ -
Operating Expenses		
Operating expenses of Chinese affiliate	410,460	655,578
Operating expenses of Indian affiliate	269,591	227,335
Operating expenses of Brazilian affiliate	111,548	212,908
Setup expenses of Ohio State Global One Health Initiative, LLC	-	(9,798)
Total Operating Expense	<u>791,599</u>	<u>1,086,023</u>
Net Operating Loss	(791,599)	(1,086,023)
Non-operating Revenues (Expense)		
Subsidy from The Ohio State University	<u>791,789</u>	<u>1,085,653</u>
Net Non-operating Revenue	791,789	1,085,653
Increase in Net Position	190	(370)
Net Position, Beginning of Year	<u>9,393</u>	<u>9,763</u>
Net Position, End of Year	<u>\$ 9,583</u>	<u>\$ 9,393</u>

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

OSU Global Gateways, LLC
Statements of Cash Flows
For the Years Ended December 31, 2020 and December 31, 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Operating expenses of Chinese affiliate	\$ (410,460)	\$ (655,578)
Operating expenses of Indian affiliate	(269,591)	(227,335)
Operating expenses of Brazilian affiliate	<u>(111,548)</u>	<u>(212,908)</u>
Net cash used in operating activities	<u>(791,599)</u>	<u>(1,095,821)</u>
Cash Flows from Noncapital Financing Activities:		
Subsidy from The Ohio State University	<u>791,789</u>	<u>1,095,451</u>
Net cash provided by noncapital financing activities	<u>791,789</u>	<u>1,095,451</u>
Cash Flows from Capital Financing Activities:		
Net cash provided (used) by capital financing activities	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:		
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>
Net Increase in Cash	190	(370)
Cash - Beginning of Year	<u>9,393</u>	<u>9,763</u>
Cash - End of Year	<u>\$ 9,583</u>	<u>\$ 9,393</u>
Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities:		
Operating loss	\$ (791,599)	\$ (1,086,023)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Changes in assets and liabilities:		
Increase (decrease) in accrued expenses	-	(9,798)
Net cash used by operating activities	<u>\$ (791,599)</u>	<u>\$ (1,095,821)</u>
Non Cash Transactions:		
Accrued subsidy from The Ohio State University	\$ -	\$ (9,798)

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

OSU Global Gateways, LLC

Notes to Financial Statements

For the Years Ending December 31, 2020 and December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Entity

OSU Global Gateways, LLC (“Global Gateways”) is a limited liability corporation established by The Ohio State University (the “university”) to serve as a holding company for the following country specific organizations:

- OSU China Gateway – a Wholly Foreign Owned Enterprise with an office in Shanghai, China
- OSU India Gateway – a Private Limited Company with an office in Mumbai, India
- OSU Brazil Gateway – a Limitada, equivalent to a Limited Liability Company, with an office in São Paulo, Brazil
- iAGRI -Tanzania LLC – an Ohio limited liability company established to facilitate federally funded research programs in Tanzania
- Ohio State Global One Health LLC – an Ohio limited liability company established to facilitate federally funded research programs in Ethiopia

The accompanying financial statements present the parent organization, OSU Global Gateways, LLC, as a stand-alone financial reporting entity. Global Gateways is not financially accountable for the three foreign Gateway entities, as the university maintains control and oversight over these entities. iAGRI – Tanzania LLC and Ohio State Global One Health LLC engage in sponsored research activities in Tanzania and Ethiopia, respectively. Their funding is in the form of the research grants managed by the university’s Office of Sponsored Programs. The China, India and Brazil Gateways, iAGRI and Ohio State Global One Health entities are not included in the Global Gateways financial statements. iARGI - Tanzania LLC and Ohio State Global One Health LLC are considered related organizations under GASB Statement No. 14.

Global Gateways is a part of the university financial reporting entity. The university is the sole member of OSU Global Gateways, LLC, and Global Gateways is presented as a blended component unit in the university’s financial statements, which contain more extensive disclosure of the significant accounting policies of the university as a whole.

Basis of Presentation

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

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

OSU Global Gateways, LLC

Notes to Financial Statements

For the Years Ending December 31, 2020 and December 31, 2019

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

Restricted:

Nonexpendable – Net position subject to externally imposed stipulations that they be maintained permanently by Global Gateways.

Expendable – Net position whose use by Global Gateways is subject to externally imposed stipulations that can be fulfilled by actions of Global Gateway pursuant to those stipulations or that expire by the passage of time.

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

It is Global Gateways' policy to apply restricted resources first when an expense is incurred for which both restricted and unrestricted net position are available.

Basis of Accounting

The financial statements of Global Gateways have been prepared on the accrual basis. Subsidy revenue for Global Gateways is recognized on a cost-reimbursement basis.

Cash

Cash of Global Gateways is maintained by the university in a separate bank account and is not commingled with the university's cash.

Operating and Non-Operating Revenues and Expenses

Global Gateways defines operating activities, for purposes of reporting on the Statements of Revenues, Expenses, and Other Changes in Net Position, as those activities that generally result from exchange transactions, such as payments received for providing services and payments made for goods or services received. All other revenues, including transfers of cash from the university, are considered non-operating revenues. All Global Gateways expenses are considered to be operating expenses. University reimbursements of China Gateway expenses are subject to foreign currency risk as these expenses are paid in Chinese CNY. However, this risk is not considered to be material. The India and Brazil Gateway expenses are paid in U.S. dollars.

OSU Global Gateways, LLC

Notes to Financial Statements

For the Years Ending December 31, 2020 and December 31, 2019

NOTE 2: CASH AND INVESTMENTS

The cash balances consist of funds transferred from the university to Global Gateways' stand-alone bank account. The bank balances and carrying amounts are equal, and all of the bank balance is covered by federal deposit insurance. Cash balances as of December 31, 2020 and 2019 are \$9,583 and \$9,393, respectively.

NOTE 3: UNIVERSITY SUPPORT

The operations of Global Gateways are supported in full by the Office of International Affairs and the Office of Academic Affairs, an operating unit of the university. The university provides funding for the general operating costs of the three Global Gateway offices in Shanghai, China; Mumbai, India; and São Paulo, Brazil. The university's direct support amounted to \$791,789 and \$1,085,653 for the years ended December 31, 2020 and 2019, respectively. In addition, the staff in the Office of International Affairs provide administrative support to Global Gateways, and some domestic regulatory expenses are paid by the university on behalf of Global Gateways. The value of these services constitutes additional in-kind income to Global Gateways but is not reported in Global Gateways' financial statements.



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

To the Management of OSU Global Gateways, LLC:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of OSU Global Gateways, LLC (“Global Gateways”), a component unit of The Ohio State University, appearing on pages 10-15, which comprise the statement of net position as of December 31, 2020, and the related statements of revenues, expenses, and changes in net position and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Global Gateways’ internal control over financial reporting (“internal control”) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Global Gateways’ internal control. Accordingly, we do not express an opinion on the effectiveness of Global Gateways’ internal control.

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

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



Compliance and Other Matters

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

Purpose of this Report

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

PricewaterhouseCoopers LLP

June 30, 2021

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OHIO AUDITOR OF STATE KEITH FABER



OSU GLOBAL GATEWAYS, LLC

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/22/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov