University of Cincinnati

Financial Statements as of and for the
Years Ended June 30, 2009 and 2008 and
Independent Auditors' Report

Mary Taylor, CPA
Auditor of State

Board of Trustees
University of Cincinnati
51 Goodman Drive
540 University Hall
Cincinnati, Ohio 45221

We have reviewed the *Independent Auditors' Report* of the University of Cincinnati, Hamilton County, prepared by Deloitte & Touche LLP, for the audit period July 1, 2008 through June 30, 2009. 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 University of Cincinnati is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 20, 2009

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees of
The University of Cincinnati

We have audited the accompanying statements of net assets of the University of Cincinnati (the "University"), a component unit of the State of Ohio, as of June 30, 2009 and 2008 and the related statements of revenues, expenses and changes in net assets and of cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the University of Cincinnati Foundation, a discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of Cincinnati Foundation, is based solely on the report of such other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, such financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2009 and 2008, and the results of its operations and its cash flows (where applicable) for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the financial statements include investments valued at $278 million (17% of net assets) and $416 million (22% of net assets) as of June 30, 2009 and 2008, respectively, whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the general partners.

As discussed in Note 12 to the financial statements, the University has a 49.48% equity interest in the Health Alliance of Greater Cincinnati (the "Alliance") as a participating entity and has included such $351,632,000 equity investment in other long-term investments as of June 30, 2009 in the Statement of Net Assets. In addition, during August 2009, certain other Alliance participating entities delivered notices to the Alliance of their intention to terminate their participation in the Alliance.

Management's Discussion and Analysis on pages 2-14 is not a required part of the basic financial statements but are supplementary information required by Governmental Accounting Standards Board. The 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 the information and express no opinion on it.

Deloitte & Touche LLP

October 14, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following discussion and analysis provide an overview of the financial position and activities of the University of Cincinnati (the "University") for the year ended June 30, 2009, with selected comparative information for the years ended June 30, 2008 and 2007. Comments relate only to the University and do not pertain to the University of Cincinnati Foundation, a component unit of the University. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The University was founded in 1819 and was city owned until becoming a state university in 1977. The University is composed of 13 colleges, including Clermont and Raymond Walters branch campuses plus the Graduate School. The University has been designated by the Ohio Board of Regents as one of only two comprehensive graduate public universities in the state. Enrollment for autumn quarter 2009 totals 38,700 students, an increase of 1,600 students from 2008 and the highest enrollment since 1981. The University employs approximately 2,500 full-time faculty and 3,200 part-time faculty. In total, there are more than 16,000 people employed by the University, making it the largest employer in the Cincinnati region.

The University and its Board of Trustees are declared by statute to be a public body performing essential governmental functions serving public purposes and an instrumentality of the State of Ohio. The Board of Trustees comprises nine members appointed by the Governor of Ohio for overlapping terms of nine years.

The University is affiliated with a number of health care, educational, cultural and governmental institutions. Through such affiliations, the University is able to broaden its curricular offerings.

USING THE FINANCIAL STATEMENTS

The University's financial report includes three financial statements:

- Statement of Net Assets
- Statement of Revenues, Expenses and Changes in Net Assets
- Statement of Cash Flows

These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended by GASB Statements 37 and 38. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements focus on the University as a whole, with resources classified for accounting and reporting purposes into three net asset categories.

The **Statement of Net Assets** reflect the total assets, liabilities, and net assets (equity) of the University as of June 30, 2009, with comparative information as of June 30, 2008. Liabilities due within one year and assets available to pay those liabilities are classified as current. Other assets and liabilities are classified as non-current. Investment assets are carried at fair value. New for fiscal year 2009, capital assets have been split into two lines on the statement: those assets that are depreciated and those that are not depreciated. Items that are not depreciated include land, construction in progress, and collections (art and rare books). Items that are depreciated include land improvements, buildings, equipment and library books. There is although no requirement to fund the accumulated depreciation. Instead, capital assets are largely funded by state capital appropriations, issuance of debt, and by major gifts that support the academic, research and student services missions of the University.

Net assets are grouped in the following categories:

- Invested in capital assets, net of related debt
- Restricted for Nonexpendable (endowment principal, annuity, and life income funds)
- Restricted for Expendable (expendable endowment and gift funds)
- Unrestricted

The **Statement of Revenues, Expenses and Changes in Net Assets** details how net assets have increased (or decreased) during the year ended June 30, 2009, with comparative information for fiscal year 2008. Student tuition and fees net revenue is shown net of scholarship allowances applied directly to student accounts. The Scholarships and Fellowships expense line reflects stipends and other payments made directly to students. Depreciation expense is provided for capital assets. The non-operating revenues (expenses) category includes significant recurring revenue sources such as state appropriations, grants, gifts, and investment income and also includes the increase (decrease) in fair value of investments.

The **Statement of Cash Flows** details how cash has increased (or decreased) during the year ended June 30, 2009, with comparative information of fiscal year 2008. It breaks out the sources and uses of University cash into the following four 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 state appropriations, private gifts, and grants received for capital purposes; proceeds from long-term debt, debt repayments, and interest paid on debt; and purchases of capital assets. Cash flows from investing activities include endowment and investment income, realized gains and losses on investments, and the purchase and sale of investments.

The University of Cincinnati Foundation is a component unit of the University and is included in the accompanying financial statements in a discrete columnar format.

FINANCIAL HIGHLIGHTS

Fiscal responsibility is a core value of the University that is exemplified by the focus to increase revenue, control expenses, and abide by financial policies that have identified operating cash, repayment of existing overdrafted funds, and the utilization of funds requirements.

In addition to the positive impact the financial policies have had on the University's financial performance, there have been notable other factors that have contributed to a successful year even in the face of market conditions which have negatively impacted our endowment fund, see further discussion at Endowment Investments section. Successes include increases in student tuition and fees as a result of increased enrollment, increased revenues related to auxiliary enterprises, increased state appropriations, and effective cost containment initiatives. Notable improvements are evidenced below:

1) Operating revenues continue to increase. In 2009 and 2008 operating revenues totaled $616 million and $599 million, an increase of $17 million and $29 million, respectively.

2) Prudent fiscal management at all levels within the University has allowed the University to control operating expenses. During 2009 and 2008, operating expenses increased minimally by $11 million (1.2%) and $6 million (.7%), respectively.

3) Net non-operating revenue, when excluding any change in the fair value of investments, increased by $20 million in 2009 and $41 million in 2008.

4) Cash, cash equivalents, and investments (excluding endowment investments and other long-term investments) increased by $50 million for 2009 and $28 million for 2008 reflecting a distinct improvement in liquidity.

5) As a result of improved operations, unrestricted net assets increased by $64 million in 2009 and $62 million in 2008. The increase in 2009 is a result of a continued focus on fiscal responsibility including assuring compliance with the operating cash policy and the newly implemented overdrafted funds policy (see further discussion of such policies below).

The operating cash policy approved by the Board of Trustees in November 2006 has significantly increased liquidity. The goal is to attain an average daily cash balance of no less than 25% of annual operating budget expenditures and transfers, and a minimum daily balance of no less than 17% of annual operating budget expenditures and transfers. The cash, cash equivalents, and current portion of investments balance as of June 30, 2009, is $179 million compared to June 30, 2008, of $129 million, an increase of $50 million. This level of cash is above fiscal year 2009's cash policy minimum of $164 million but below the goal of $241 million. Average daily cash balances have continually increased since policy implementation in 2006 and are projected to continue to increase during fiscal year 2010.

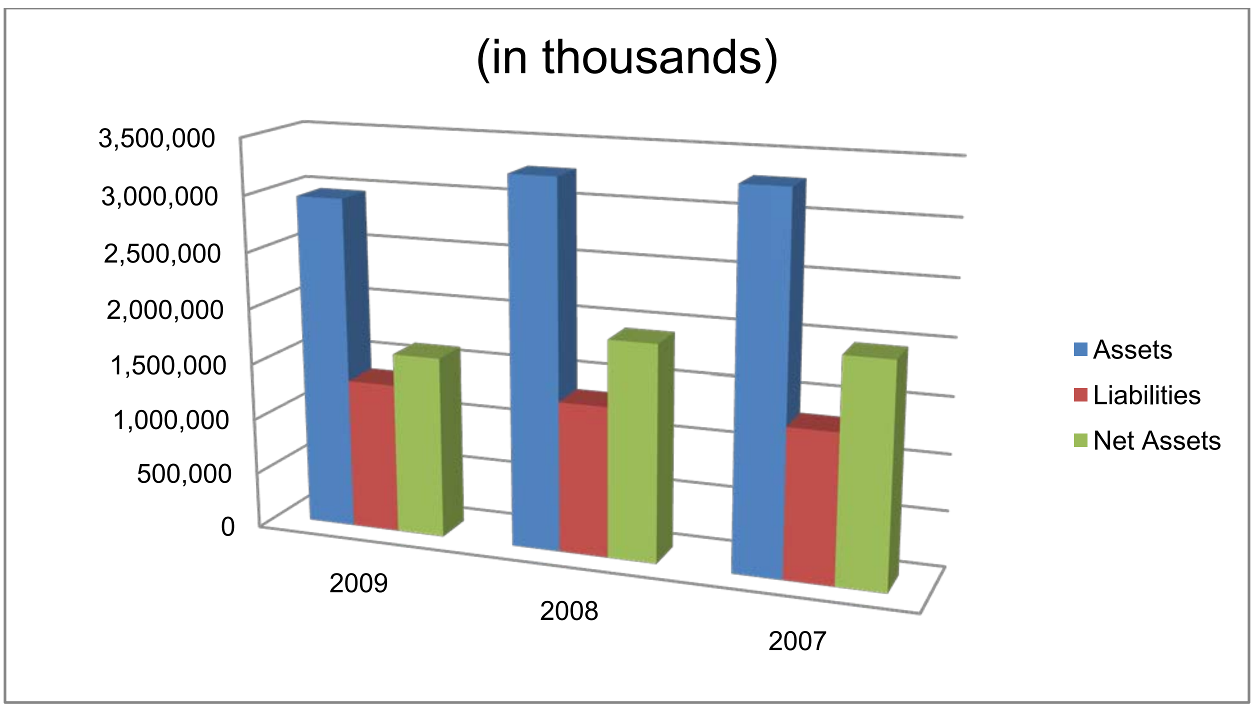
A policy was approved by the Board of Trustees in November 2008 to eliminate all overdrafted fund balances. The policy identified structured measures to restore cash balances including balancing all University accounts. Compliance with the policy is being achieved through various approaches including:

- A proactive budgeting process
- Requiring any new deficit funds be approved in advance by the Vice President for Finance in consultation with the appropriate Sr. Vice President
- Securing payback schedules for funds that are currently in a deficit position
- Reducing scope, deferring or canceling capital projects
- Focusing on receivables management

SUMMARY STATEMENT OF NET ASSETS

(in thousands)	2009	2008	2007
Current assets	$ 259,900	$ 207,565	$ 170,733
Non-current assets:			
Endowment investments	815,226	1,095,327	1,183,723
Investments & Other long-term investments	413,164	444,045	413,667
Capital assets, net of depreciation	1,424,792	1,469,215	1,470,743
Other	51,284	53,856	61,332
Total assets	2,964,366	3,270,008	3,300,198
Current liabilities	308,254	259,593	326,494
Non-current liabilities	1,031,741	1,084,900	1,002,964
Total liabilities	1,339,995	1,344,493	1,329,458
Net assets	$1,624,371	$ 1,925,515	$ 1,970,740

The following graph illustrates the University's assets, liabilities and net assets:



CURRENT ASSETS

Current assets consist primarily of cash and cash equivalents, short-term investments and receivables. Cash and cash equivalents and short-term investment balances include both operating cash and capital debt proceeds. In 2009, the level of cash and short-term investments increased by $50 million, primarily a result of the University's operating cash policy that was originally implemented in fiscal year 2007. Deposits with bond trustees increased by $3 million, which was a result of depositing capital interest related to the issuance of debt. These factors contributed in part to an overall increase of $52 million, or 25%, in total current assets.

NONCURRENT ASSETS

Endowment Investments

According to the 2008 National Association of College and University Business Officers Endowment Study published in January 2009, the value of the University's endowment at June 30, 2008, ranked at number sixty-six out of seven hundred and ninety-six institutions (top 9%) in the United States and Canada. The study is the largest and longest running annual endowment holdings of higher education institutions and their foundations study in the United States and Canada.

In 2009, the economic crisis negatively impacted the University's endowment investments. Endowment investments decreased from $1.1 billion to $833 million, a decrease of $267 million from June 30, 2008, to June 30, 2009. Endowment investments include:

- $815 million in investments (as reflected on the Statement of Net Assets)
- $18 million in cash, accounts receivable, and accrued Neighborhood Development Corporation (NDC) investment income

The University's endowment value decrease of $267 million in 2009 was a result of the following:

- Negative investment returns of $221 million
- Establishment of new endowments of $20 million
- Gifts transferred to quasi-endowments of $11 million
- Distributions to beneficiaries and fees of $77 million

In 2008, negative investment returns, new funding, and distributions were $60 million, $38 million, and $66 million, respectively.

Under its endowment spending policy, the University uses its endowment to support current operations in a way that generates a predictable stream of support, while at the same time maintaining the purchasing power of endowment funds adjusted for inflation. The spending policy provides for annual distributions of 5% (temporarily increased to 6% for 2007 through 2009) of the three-year quarterly moving-average market value of assets in the investment pool. Due to the changes in valuation of these assets over the last three years, actual distributions to beneficiary units were 6.4% and 5.6% of the beginning market value of these assets in 2009 and 2008, respectively.

Investments & Other Long-term Investments

Investments increased by $7 million and $20 million in 2009 and 2008, respectively. This was a result of the restructuring of the June 1, 2008 and June 1, 2009 debt service payments.

Other long-term investments primarily represent the University's equity interest in The Health Alliance of Greater Cincinnati, valued at $352 million and $389 million in 2009 and 2008, respectively. The University and the Health Alliance entered into an operating and affiliation agreement in 2006, under which the Alliance provides support to the University's Academic Health Center. Such support totaled $9 million for both 2009 and 2008 providing a return on asset of 2.6% and 2.4%, respectively. For further discussion of the Health Alliance, please refer to Note 12, Equity Interest in the Health Alliance.

Capital Assets, Net of Depreciation

Since the approval of the University Campus Master Plan (the "Master Plan") in 1991, more than $1.6 billion in capital projects have been completed. Signature, national, and local architects were selected for the design of major capital projects and the work has been the subject of much press and many awards. In-house University staff typically develop the programs for major projects and design the projects costing less than $1 million. Numerous new academic and auxiliary facilities have been built in addition to renovation and rehabilitation of many existing facilities. The University's Master Plan was set into motion in 1989 and has transformed the Uptown Campus into a cohesive community that enhances the student experience by providing improved teaching, research, and quality of student life facilities. The dramatically improved campus has attracted new students and supported enrollment growth. Capital dollars are aligned with University and State of Ohio priorities to advance academic priorities; Science, Technology Engineering, Mathematics, and Medicine (STEMM) initiatives; renovations of existing academic space; highest and best use of existing space; and sustainability of energy and operations.

Development and renewal of capital assets are critical factors in continuing the quality of the University's academic mission, research programs, and student life. Capital asset additions are acquired through state capital appropriations, gifts, debt, federal grants and university funds. Capital additions totaled $54 million in 2009, $90 million in 2008, and $151 million in 2007 and depreciation expense of $93 million, $88 million, and $87 million in 2009, 2008 and 2007, respectively. Capital additions primarily comprise capital projects that were either completed during the fiscal year or are in either the construction or design phase at June 30 of each fiscal year. During 2009, the University completed a significant amount of capital program related to Academic Health Center projects and continued to focus on the renovation of existing facilities.

As mandated in Ohio House Bill 251 and an initiative of The American College and University Presidents' Climate Commitment is a series of projects designed to reduce energy use for the University's facilities. These projects are designed to improve central utility plant efficiencies, improve existing systems' efficiencies and operations, and provide major upgrades to facilities. To date, $18 million of energy saving projects have been approved by the Board of Trustees and will be funded with debt proceeds. The debt will be serviced by a reduction in costs generated through energy savings.

Major capital projects completed during Fiscal Year 2009

- Medical Sciences Building Rehabilitation Phase I and Center for Academic Research Excellence (CARE)/Crawley Building – $191 million state-of-the-art instructional and research space for the College of Medicine.
- Teachers College/Dyer Hall Rehabilitation Phase 2 – $18 million project rehabilitating 60,000 gross square feet of existing space. Major building improvements include reconfiguration of interior spaces with all new interior finishes and furnishings as well as new HVAC, electrical, fire protection, and plumbing systems, new lighting, data wiring, audio-visual systems, and security.
- Clifton Court Garage – $3.7 million project rehabilitating approximately 180,000 square feet of parking area.
- Roof Replacement Projects – $3.5 million was spent during 2009 to replace the existing building roof systems on Langsam Library, Lindner Hall, and DAAP Foundry.

Major capital projects in construction at June 30, 2009

- Kettering Preclinical Science Lab Renovation – $3 million project to provide 9,760 square feet of renovated lab space for environmental research.
- Morgens Residence Hall Life Safety Upgrade – $3.3 million project to improve and install life safety upgrades to the fire suppression (sprinklers), fire/smoke detection, and annunciation systems.

Major capital projects in design

- Medical Sciences Building Rehabilitation, Phases 2-5 – $204 million project that will complete the renovation of the Medical Sciences Building; a 945,000 gross sq. ft. facility. Phases 2-5 include renovation of building systems to achieve compliance with current codes along with a space utilization design that will permit flexibility for reconfiguration of the facility over the life of the building and will extend the building's life another 25 – 30 years.

- Morgens Residence Hall Renovation – $27.7 million half-life renovation project to upgrade building systems including the mechanical and plumbing systems as well as the electrical system for both efficiency and code compliance updates. Other improvements to the roof structure, exterior wall envelope, and interior will also be completed. A total of 138,500 gross sq. ft. will be renovated.

- Rieveschl 500 Level Teaching Lab Renovation Phase 1 & 2 – $15 million project to renovate 18,400 square feet of public areas and Chemistry Teaching Labs on the 500 level. The work shall include selective demolition of interior partitions, asbestos abatement, upgrades to building systems, lab casework, fume hoods and installation of sprinkler system in the renovated area. The energy savings initiative funding associated with this project is $3 million.

LIABILITIES

Debt

Total debt representing bonds, notes, and certificates of participation, was decreased by $0.5 million in 2009 as a result of issuing $202.8 million of debt and by decreasing outstanding debt by $203.3 million. The $202.8 million of debt was issued to fund various capital projects and to refund existing debt. The $203.3 million decrease in debt was due to refunding and the retirement of principal. Debt was increased by $17 million in 2008 due to the issuance of new debt of $275 million and decrease of outstanding debt by $258 million. That new debt was also used to fund capital projects and to refund existing debt. The 2009 refundings were executed to reduce interest rate exposure and to improve the trading quality of the university's variable rate bonds as well as to complete the second phase of the University's liquidity reserve funding plan.

There has not been a failed remarketing on the weekly reset variable rate bonds in 2009.

Subsequent to June 30, 2009, the University issued $31 million in Series 2009B BANS and $105 million in Series 2009C bonds. Series 2009B BANS refinanced Series 2008E BANS. Series 2009C bonds refinanced both variable and fixed rate debt for the purpose of lowering and fixing interest rates. Within this debt issuance was the refinancing of Series 2008B variable rate bonds and the termination of the associated SIFMA swap agreement. The fair value of the swap agreement at termination was negative $1.7 million. The total remaining variable rate debt outstanding at the University is now $30 million. The University will continue to monitor the variable rate market and take appropriate action as necessary.

The University has a swap which became effective May 1, 2009 and is associated with Series 2009B BANS. A debt issue will be pursued in the spring of 2010 when Series 2009A BANS mature; the amortization schedule of the variable rate issue will coincide with the $24,075,000 swap. The intent of these derivative transactions is to protect the University against the potential of rising interest rates. GASB Statement Number 53, *Accounting for Financial Reporting for Derivative Instruments* was issued June 2008. 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. The University will implement the Statement in fiscal year 2010 as required.

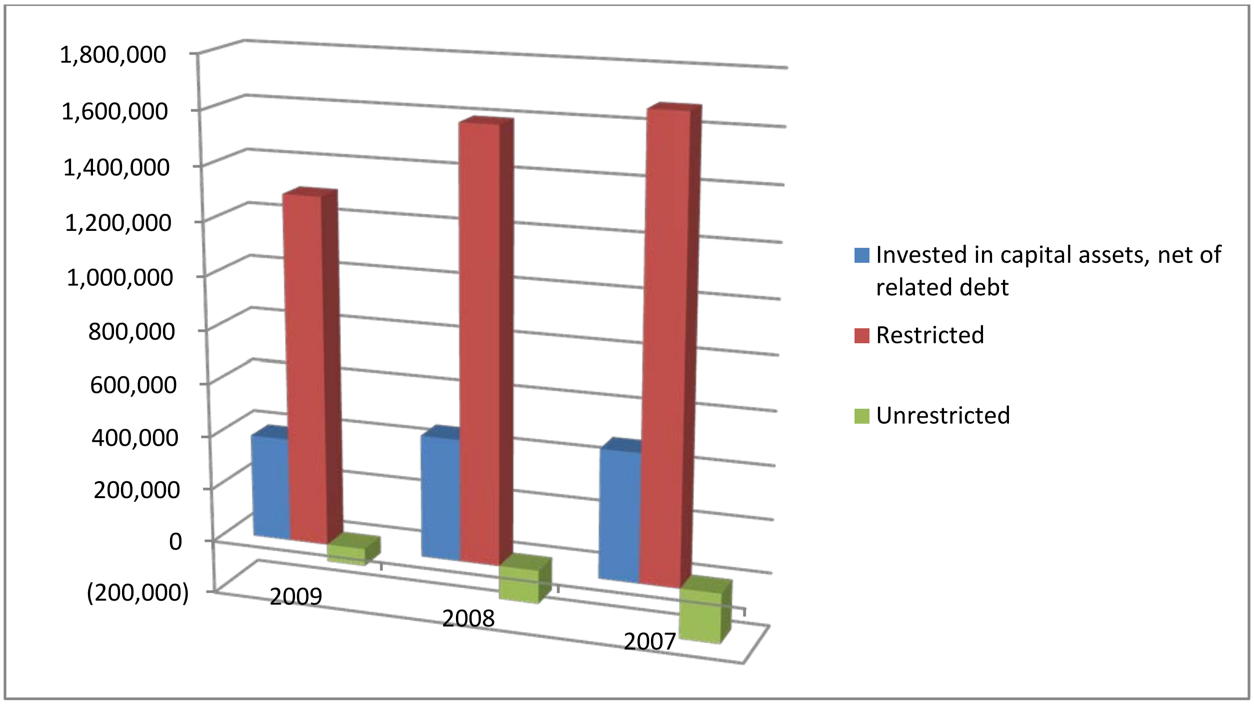
Ratings of University bonds by Standard & Poor's (S&P) were maintained at A+ in 2008 and in 2009. S&P also maintained its rating on the University's certificates of participation at A in 2008 and 2009. The note rating of SP-1+ was maintained through 2008 and 2009; however S&P's outlook was revised from Negative in 2008 to Stable during 2009. Moody's revised the rating for bonds from A1 to A2 in 2008; the A2 rating was maintained in 2009. The rating for certificates of participation was revised from A2 to A3 in 2008; the A3 rating was maintained in 2009. The MIG1 rating for notes was maintained through 2008 and 2009. Moody's revised the outlook for the University from negative to stable during 2008; the stable outlook was maintained during 2009. Series 2009B BANS and Series 2009C Bonds, issued subsequent to June 30, 2009, maintained the same ratings and outlooks as those received during 2009.

The University continues to invest in its expansion of research and educational facilities beyond the level provided by state capital appropriations through the issuance of additional debt. The extensive investment in these facilities was necessary to attract high quality students, faculty, and research funding in an increasingly competitive environment. The University's debt financing activity in the future will focus on Academic Health Center projects, renovations of existing facilities and building systems, and the overall management of the debt portfolio.

NET ASSETS

(in thousands)	2009	2008	2007
Invested in capital assets, net of related debt	$ 387,422	$ 455,967	$ 478,971
Restricted:			
Nonexpendable	971,430	1,202,523	1,265,492
Expendable	326,346	391,590	413,063
Unrestricted	(60,827)	(124,565)	(186,786)
Total net assets	$ 1,624,371	$ 1,925,515	$ 1,970,740

The following graph illustrates the components of the University's net assets (in thousands):



Capital assets, net of depreciation and related debt, represent both the University's non-depreciable and depreciable assets. Non-depreciable assets include land, construction in progress, and collections (art and rare books). Depreciable assets include land improvements, buildings, equipment and infrastructure. The amount included as invested in capital assets is also net of outstanding principal balances of debt attributable to the acquisition, construction and improvement of those assets. During fiscal years 2009 and 2008, investments in capital assets decreased by $69 million and $23 million, respectively. The decrease is a result of depreciation expense of $93 million in 2009 and $88 million in 2008.

Restricted nonexpendable net assets include, as a primary component, the University's permanently invested endowment funds. It also includes the University's equity interest in The Health Alliance of Greater Cincinnati. The $231 million decrease in restricted nonexpendable net assets in 2009 and the $63 million decrease in 2008 reflect the changes in the fair value of investments, net of gifts.

Restricted expendable net assets are subject to externally imposed provisions governing their use. This category of net assets mainly includes restricted quasi-endowments of $207 million in 2009 and $280 million in 2008 that were temporarily invested in the endowment. The decrease in value is a result of the decline in the investment market.

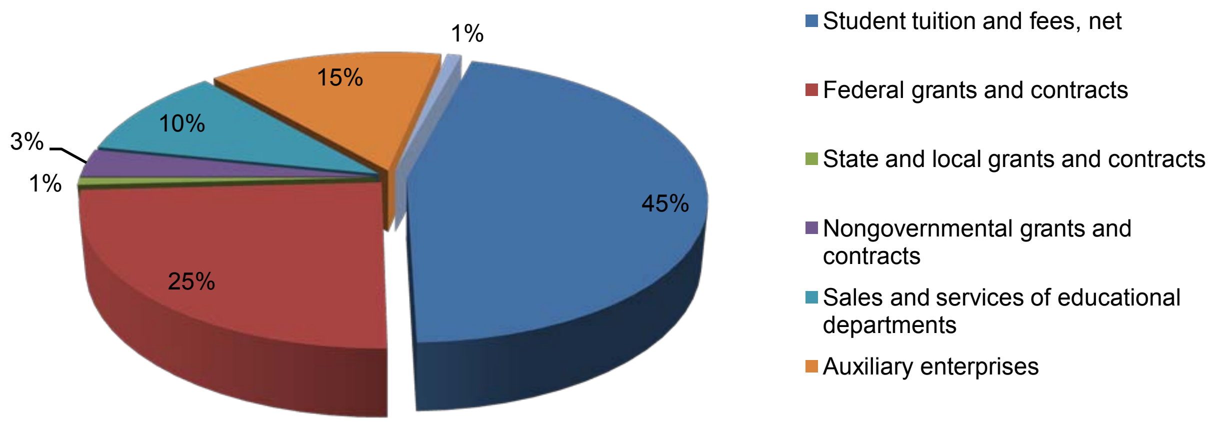
Unrestricted net assets have improved significantly over the past several years. During 2009, the deficit decreased from negative $125 million to negative $61 million, a decrease of $64 million. During 2008, the deficit decreased from negative $187 million to negative $125 million, a decrease of $62 million. The University has been strategically addressing the deficit position through specific measures focusing on reorganizing around principles of greater accountability, disciplined financial activities, and integrated budget planning. Additionally, the University's endowment spending policy distribution was temporarily increased from 5% to 6% for 2007, 2008, and 2009 to address the deficit in unrestricted new assets. The endowment spending policy distribution reverted back to 5% in 2010.

SUMMARY STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

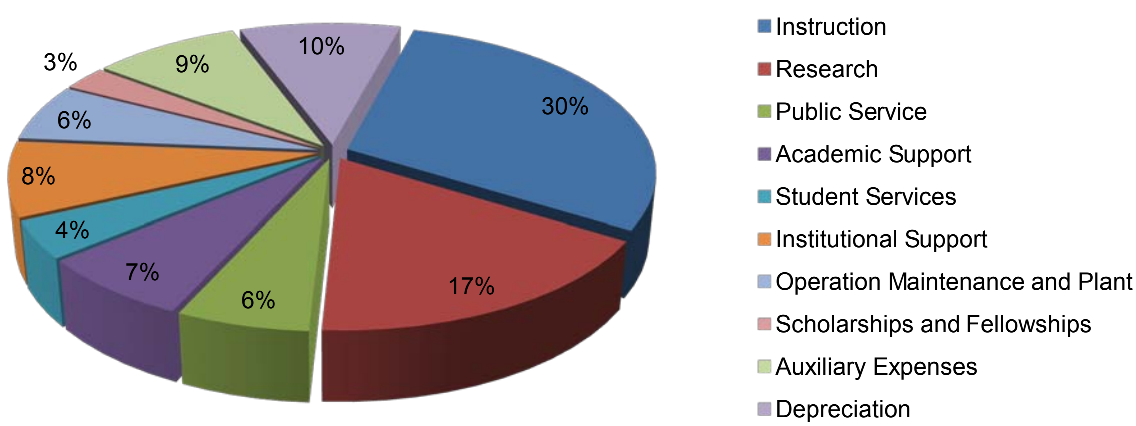
(in thousands)	2009	2008	2007
Operating revenues:			
Student tuition and fees, net	$279,822	$ 272,910	$ 260,605
Grants and contracts	174,574	172,338	167,866
Auxiliary enterprises, net	90,776	82,415	77,039
Other	70,485	70,879	64,296
Total operating revenues	615,657	598,542	569,806
Operating expenses:			
Instruction	281,437	283,503	285,671
Research	161,964	157,843	153,247
Auxiliary enterprises	85,261	78,163	77,509
Depreciation	93,393	87,765	87,360
Other	322,113	325,767	323,113
Total operating expenses	944,168	933,041	926,900
Operating loss	(328,511)	(334,499)	(357,094)
Non-operating revenues (expenses):			
State appropriations	211,836	193,814	185,864
Federal and state grants (non-exchange)	30,064	27,633	24,494
Gifts	46,809	56,310	46,356
Investment income, net	88,280	72,739	60,311
Increase (decrease) in fair value of investments	(329,630)	(96,616)	166,878
Interest on capital asset related debt	(44,783)	(41,264)	(40,245)
Other non-operating expenses	(4,806)	(1,600)	(9,892)
Total non-operating revenues (expenses)	(2,230)	211,016	433,766
Income (loss) before other revenues, expenses or losses	(330,741)	(123,483)	76,672
Capital appropriations	2,917	39,362	8,778
Capital grants and gifts	6,347	1,228	2,675
Additions to permanent endowments	20,333	37,668	16,966
Increase (decrease) in net assets	$(301,144)	$ (45.225)	$ 105,091

The following graphs illustrate the operating revenues and expenses as of June 30, 2009:

Operating Revenues – Fiscal Year 2009



Operating Expenses – Fiscal Year 2009



Statement of Revenues, Expenses and Changes in Net Assets Highlights:
The University's aggressive efforts related to improving operations were responsible for a $17 million increase in operating revenues primarily from student tuition and fees and auxiliary enterprises. Additionally, operating expenses were contained to an increase of $11 million. Non-operating revenue increased by $20 million with the exception of the adjustment for the fair value of investments. The fair value of investments decreased by $330 million during 2009 compared to a decrease of $97 million in 2008. Overall, the University's net assets decreased in 2009 by $301 million which was primarily attributable to the loss on the fair value of investments.

Continuous financial improvements have been achieved and are evidenced by comparing certain 2009, 2008, and 2007 financial results. The result of the analysis below is an improvement in 2009 of $29 million and $55 million in 2008.

(in thousands)	2009	2008	2007
Operating revenues	$615,657	$ 598,542	$569,806
Operating expenses*	(944,168)	(933,041)	(926,900)
State appropriations	211,836	193,814	185,864
Federal and state grants (non-exchange)	30,064	27,633	24,494
Gifts	46,809	56,310	46,356
Investment income, net	88,280	72,739	60,311
Interest on capital asset-related debt	(44,783)	(41,264)	(40,245)
Total	**$3,695**	**$(25,267)**	**$(80,314)**

* includes depreciation expense of $93 million, $88 million and $87 million for fiscal years 2009, 2008, and 2007, respectively.

One of the University's greatest strengths is the diverse stream of revenues that supplements its student tuition and fees including voluntary private support from individuals, foundations and corporations along with government and other sponsored programs; state appropriations and investment income. The University has aggressively sought, and will continue to seek, funding from all possible sources consistent with its mission to supplement student tuition and will prudently manage the financial resources realized from these efforts to fund its operating activities.

Operating

- Operating revenues increased by $17 million in 2009 compared to $29 million in 2008 primarily from increased tuition revenue, grants and contracts, sales and services of educational departments, and auxiliary enterprises.
- Tuition is the primary source of revenue for the University. For 2009, the State legislated a cap in Ohio residential tuition; Ohio graduate and non-Ohio resident tuition was not capped. Tuition and fees for the 2008-2009 academic year ranged from $4,542 to $29,043 for Ohio residents and from $11,394 to $50,646 for out-of-state residents. Given the tuition cap, the increase in tuition revenue was driven mainly by enrollment increases, which ranged from 2% to 3% in 2009 and 2008, respectively.
- Revenue from auxiliary enterprises increased by $8 million in 2009 and $5 million in 2008 attributable to an increase in Athletics revenue.
- Operating expenses in total were contained to an increase of $11 million in 2009 compared to an increase of $6 million in 2008. The increase in 2009 was mainly attributable to an increase in research activity expenditures, auxiliary expenses, and depreciation.

Non-Operating Excluding Other Revenues, Expenses, Gains or Losses

- State appropriations increased by $18 million in 2009 and $8 million in 2008 reflecting an improvement from the recent trend of flat or decreasing state support for higher education. State appropriations now contribute a significantly lower percentage of the overall funding of University operations particularly compared to tuition. Nonetheless, such resources remain a vital source of funding for academic programs and administrative costs.

- Revenues from federal and state grants (non-exchange) provide for the recovery of direct and indirect costs. Such revenues increased by $2 million in 2009 and $3 million in 2008. In a time of heightened competitiveness, especially for federal research funding, the University is maintaining its research base.

- The results of fund-raising efforts have been an important component of financial resources. Expendable gifts to the University totaled $47 million and $56 million in 2009 and 2008, respectively. It will be difficult to sustain the current level of operations without continued increases in donor support, which highlights the importance of the success of the $1 billion gift campaign that spans 2005 – 2013.

- Investment income increased $16 million in 2009 and $12 million in 2008, primarily due to an increase in cash balance.

- The University's fair value of investments decreased by $330 million in 2009 due to volatile financial market conditions, expendable endowment commitments, and fund-raising fees. The University's fair value of investments also decreased in 2008 by $97 million for the same reasons.

Items Impacted by External Factors

There are significant transactions included in the non-operating revenues (expenses) that are influenced significantly by the economy and investment markets. These items include:

- Fluctuations in the market value of investments
- Additions to permanent endowments
- State capital appropriation revenue

The net effect of these significant transactions is shown below.

(in millions)	2009	2008	2007
Change in investment value	$ (330)	$ (97)	$ 167
Additions to permanent endowments	20	38	17
State capital appropriations	3	39	9
Net effect	$ (307)	$ (20)	$ 193

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides additional information about the University's financial results by reporting the major sources and uses of cash. A comparative summary of the statement of cash flows for the years ended June 30 follows:

(in thousands)	2009	2008	2007
Cash received from operations	$ 669,715	$ 602,217	$ 590,333
Cash expended for operations	(886,706)	(832,663)	(838,089)
Net cash used for operating activities	(216,991)	(230,446)	(247,756)
Net cash provided by non-capital financing activities	309,663	312,945	258,226
Net cash used for capital and related financing Activities	(97,445)	(90,565)	(68,223)
Net cash used for investing activities	(12,962)	(6,724)	89,113
Net change in cash and cash equivalents	$ (17,735)	$ (14,790)	$ 31,360

The disparity between cash used in operating activities and cash provided by non-capital financing activities is a result of the required financial reporting classification of state appropriations, federal and state grants (non-exchange), and gifts. Although these funds are used primarily for operating expenses of the University, GASB Statement 35 requires that they be reported as non-operating revenues. Had these resources been reported as operating revenue, the net cash used in operating activities would have been an increase of $92 million in 2009 and an increase of $82 million in 2008.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

During 2006 and prior to the current economic crisis, the University began a renewed mission to ensure financial stability, fiscal responsibility, and improved liquidity. Numerous new policies, including the operating cash and overdrafted funds, were implemented. These policies have had a dramatic effect on improving cash balances and reducing or eliminating fund deficits. While the current state of the economy has been challenging, the University continues to successfully fulfill its academic mission as evidenced by the following:

- Record-breaking enrollment of 38,700 students in autumn 2009
- First-year retention rates increasing from 77% in 2003 to 84% in 2009
- Six-year graduation rates increasing from 48% in 2003 to 55% in 2009
- Research funding increasing from $310 million in 2003 to $353 million in 2008
- U.S. News Ranking improving from 160 in 2003 to 146 in 2009
- ACT scores of entering class increasing from 23.5 in 2003 to 24.8 in 2009
- Number of undergraduate students engaged in internships and co-ops increasing from 3,654 in 2003 to 5,336 in 2008

As mentioned above, great strides in improving liquidity have been achieved as reflected in cash, cash equivalents, and current portion of investments increasing from $101 million in 2007 to $129 million in 2008 and to $179 million in 2009. Additionally, to ensure the continuation of liquidity improvements, an internal annual payback of $10 million was established in fiscal year 2010's budget to reduce certain longstanding fund deficits.

The University is state supported with appropriations accounting for 21% and 20% of the total revenues of the University in 2009 and 2008, respectively. Ohio's trend in funding higher education has been positive over the past four years. The University is grateful that Ohio Governor Ted Strickland, Chancellor Eric Fingerhut and the Ohio legislature view higher education as a priority and a key to growing the state's economy. Fiscal year 2010's state appropriations will remain stable at this time at $211 million.

The University's first budgeting model using Performance Based Budgeting is being adopted in fiscal year 2010 for general funds. It offers incentives for growth in student enrollment and efficiencies targeted to reduce costs. It is anticipated that the model will evolve over time and encompass an all funds model.

Private gifts will continue to be a critically important financial resource and a significant factor in the growth of both academic and research activities. To address the issue, the University through the University Foundation launched a $1 billion gift campaign, the largest campaign in the University's history that spans eight (8) years beginning on July 1, 2005, and will end on June 30, 2013. The campaign is the largest in the 188-year history of UC. Expected campaign priorities are student scholarships, fellowships to encourage advanced scholarship and research, endowed appointments for top-notch faculty, academic program support and campus enhancements. Throughout the campaign, the Foundation expects to have more than 500 volunteers actively engaged. Regional committees will also focus on cultivating relationships with alumni and friends.

Management of the endowment's investments has been challenging given the decline in global financial markets during the past 18 months. The University has stress-tested the endowment portfolio, assuming markets fell substantially below their lowest actual prices, and found that liquidity was sufficient to make payments according to the 5% long term spending policy formula, meet the capital commitments of private markets investments, and maintain a balanced portfolio. Looking to the long term, the University recently completed a planned review of its strategic asset allocation policy. A new policy allocation will be implemented on October 1, 2009 that will improve the ability of the endowment to sustain spending while maintaining its real, inflation-adjusted value.

The University is committed to continuing its strategic vision while continuing to build upon its financial strength. In November 2009, the University will welcome its 27th President, Dr. Gregory Williams. He is a noted scholar with a substantial background in academic leadership.

University of Cincinnati
Statement of Net Assets
As of June 30, 2009 and 2008
(in thousands)

	University		University Related Foundation	
	2009	2008	2009	2008
ASSETS				
Current assets:				
Cash and cash equivalents	$ 57,550	$ 75,285	$ 9,927	$ 14,160
Investments	121,638	53,916		
Accounts and pledges receivable, net	65,693	67,683	21,609	14,744
Inventories	2,040	2,001		
Deposits with bond trustees	7,484	4,920		
Notes receivable, net	2,938	3,266		
Other assets	2,557	494	147	117
Total current assets	259,900	207,565	31,683	29,021
Non-current assets:				
Investments	60,664	53,591		
Accounts and pledges receivable, net	9,636	10,151	40,126	45,736
Deposits with bond trustees	7,034	10,423		
Endowment investments	815,226	1,095,327	13,496	15,651
Notes receivable, net	34,614	33,282		
Other long-term investments	352,500	390,454		
Capital assets not being depreciated	65,959	258,541		
Capital assets being depreciated, net	1,358,833	1,210,674	1,159	1,251
Total noncurrent assets	2,704,466	3,062,443	54,781	62,638
Total assets	2,964,366	3,270,008	86,464	91,659
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	157,203	153,761	8,855	10,634
Deferred revenue	33,738	40,429		
Long-term liabilities - current portion	117,313	65,403		
Total current liabilities	308,254	259,593	8,855	10,634
Non-current liabilities:				
Deposits	4,535	3,228	523	713
Accrued liabilites	28,723	29,779		
Refundable advances for federal loans	25,152	26,276		
Long-term liabilities	973,331	1,025,617		
Total noncurrent liabilities	1,031,741	1,084,900	523	713
Total liabilities	1,339,995	1,344,493	9,378	11,347
NET ASSETS				
Invested in capital assets, net of related debt	387,422	455,967	1,159	1,251
Restricted for:				
Non-expendable	971,430	1,202,523	43,422	47,037
Expendable	326,346	391,590	26,860	30,944
Unrestricted	(60,827)	(124,565)	5,645	1,080
Total net assets	$ 1,624,371	$ 1,925,515	$ 77,086	$ 80,312

See accompanying notes to financial statements

University of Cincinnati
Statement of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2009 and 2008
(in thousands)

	University		University Related Foundation	
REVENUES	2009	2008	2009	2008
Operating revenues:				
Student tuition and fees, net of scholarship allowance of $85,459 for FY09 and $84,322 for FY08; and bad debt expense of $1,347 for FY09 and $1,287 for FY08	$ 279,822	$ 272,910	$	$
Federal grants and contracts	149,606	148,273		
State and local grants and contracts	5,176	6,580		
Nongovernmental grants and contracts	19,792	17,485		
Sales and services of educational departments	64,326	66,041		
Auxiliary enterprises:				
Residential life, net of bad debt expense of $128 for FY09 and $119 for FY08	29,624	30,139		
Athletics, net of bad debt expense of $15 for FY09 and $6 and FY08	24,528	15,380		
Other Auxiliary enterprises	36,624	36,896		
Other operating revenues	6,159	4,838		
Total operating revenues	615,657	598,542	-	-
EXPENSES				
Operating expenses:				
Instruction	281,437	283,503		
Research	161,964	157,843		
Public Service	56,820	57,247		
Academic Support	67,464	63,944		
Student Services	39,131	37,722		
Institutional Support	72,969	79,664	5,974	7,740
Operation Maintenance and Plant	60,118	63,560		
Scholarships and Fellowships	25,611	23,630		
Auxiliary Expenses	85,261	78,163		
Depreciation	93,393	87,765	271	275
Total operating expenses	944,168	933,041	6,245	8,015
Operating loss	(328,511)	(334,499)	(6,245)	(8,015)
NON-OPERATING REVENUES (EXPENSES)				
State appropriations	211,836	193,814		
Federal and state grants (non-exchange)	30,064	27,633		
Gifts, including $31,197 for FY09 and $27,264 for FY08 from the University Foundation	46,809	56,310	33,446	57,425
Investment income, net	88,280	72,739	3,901	4,848
Decrease in fair value of investments	(329,630)	(96,616)	(3,131)	(1,477)
Interest on capital asset-related debt	(44,783)	(41,264)		
Loss on disposal of assets	(1,914)	(1,136)		
Payments to University of Cincinnati	-	-	(31,197)	(27,264)
Other non-operating expenses	(2,892)	(464)		
Net non-operating revenues (expenses)	(2,230)	211,016	3,019	33,532
Income (loss) before other revenues, expenses, gains or losses	(330,741)	(123,483)	(3,226)	25,517
Capital appropriations	2,917	39,362		
Capital grants and gifts	6,347	1,228		
Additions to permanent endowments	20,333	37,668		
Increase (decrease) in net assets	(301,144)	(45,225)	(3,226)	25,517
NET ASSETS				
Net assets - beginning of year	1,925,515	1,970,740	80,312	54,795
Net assets - end of year	$ 1,624,371	$ 1,925,515	$ 77,086	$ 80,312

See accompanying notes to financial statements

University of Cincinnati
Statements of Cash Flows
Years Ended June 30, 2009 and 2008
(in thousands)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 281,887	$ 266,423
Grants and contracts	227,652	170,601
Sales and services of educational departments and auxiliary enterprises	151,357	149,259
Expenditures and other deductions:		
Compensation	(579,312)	(578,915)
Payments for materials, services and other	(303,958)	(244,589)
Loans issued	(3,436)	(9,159)
Loan principal collected	4,317	5,099
Other revenue	4,502	10,835
Cash used for operating activities	(216,991)	(230,446)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	211,836	193,811
Federal and state grants (non-exchange)	30,064	27,633
Gifts for other than capital purposes (including additions to permanent endowments)	66,971	90,698
Interest on loans receivable	792	803
Cash from noncapital financing activities	309,663	312,945
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
State appropriations - capital	1,827	39,433
Private gifts for capital purposes	6,992	2,001
Grants for capital purposes	-	713
Other	(8,629)	(8,352)
Proceeds from capital debt	202,818	275,288
Purchases of capital assets	(49,789)	(90,514)
Principal paid on capital debt	(203,262)	(258,602)
Interest paid on capital debt	(47,402)	(50,532)
Cash used for capital financing activities	(97,445)	(90,565)
CASH FLOWS FROM INVESTING ACTIVITIES		
Endowment income	73,457	57,390
Income from deposits with trustees	10,630	13,653
Realized gains (losses) on investments	-	3,753
Purchase of investments	(460,016)	(353,624)
Sale of investments	357,134	268,219
Investment income	5,833	3,885
Cash used for investing activities	(12,962)	(6,724)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,735)	(14,790)
Cash and cash equivalents - beginning of the year	75,285	90,075
Cash and cash equivalents - end of the year	$ 57,550	$ 75,285

See accompanying notes to financial statements

University of Cincinnati
Statements of Cash Flows - continued
Years Ended June 30, 2009 and 2008
(in thousands)

	2009	2008
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Operating loss	$ (328,511)	$ (334,499)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation expense	93,393	87,765
Loss on disposal of capital assets	1,914	1,136
Changes in assets and liabilities:		
Receivables, net	11,525	(9,904)
Inventories	(39)	(195)
Other assets	(18,031)	16,035
Accounts payable and accrued liabilities	6,406	(3,402)
Deferred revenue	14,961	7,334
Compensated absences	839	(1,244)
Deposits	552	6,528
Net cash used for operating activities	(216,991)	$ (230,446)

Non cash transactions:		
Capital asset acquired by incurring note payable	$ 4,071	$ -
Accrued liabilities for property, plant and equipment	3,849	7,549
Gift of real estate held in the endowment fund	2,700	-
Gift of rare books to Law Library	1,218	-

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2009 and 2008

1. Organization and Summary of Significant Accounting Policies

Organization

The University of Cincinnati (the University) was founded in 1819 with the first charter granted by the State of Ohio in 1870. The University, formerly city owned, became a State University on July 1, 1977. As such, it is a component unit of the State of Ohio. Under provisions of the Internal Revenue Code, Section 115, and the applicable income tax regulations of the State of Ohio, the University, as a state institution, is exempt from taxes on income other than unrelated business income. Since the University has no material net unrelated business income during the year ended June 30, 2009, no provision for income taxes has been made.

The accompanying financial statements consist of the accounts of the University and the accounts of the University of Cincinnati Foundation (the Foundation). The Foundation, which is a component unit of the University in accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement 14*, The Financial Reporting Entity*, is described more fully in Note 16. The Foundation is exempt from Federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3).

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB. The University has elected not to apply those Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

Effective July 1, 2008, the University adopted GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.* This Statement establishes criteria that would require a governmental entity to report a liability related to pollution remediation. There was no significant impact on the University's financial statements due to the adoption of Statement No. 49.

In June 2007, GASB issued Statement No. 51, *Accounting and Reporting for Intangible Assets.* This Statement establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies and enhance the comparability of accounting and financial reporting of such assets among state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The University has not yet determined the impact this Statement will have on the financial statements.

Effective July 1, 2008, the University adopted GASB Statement No. 52, *Land and Other Real Estate Held as Investments.* This Statement establishes consistent standards for reporting of land and real estate held as investments. It requires endowments to report land and real estate investments at fair value. There was no significant impact on the University's financial statements due to the adoption of Statement No. 52 (See Note 2 regarding Investments).

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. The University has determined that this Statement will not have a significant impact on the financial statements.

In February 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides for additional fund balance classifications and clarity regarding existing classifications of fund balance for all governments that report governmental funds. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010. The University has determined that this Statement will have no impact on the financial statements.

Effective March 2009, the University adopted GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. There was no impact to the University's financial statements due to the adoption of Statement No. 55.

Effective March 2009, the University adopted GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards.* This Statement incorporates certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards into the GASB authoritative literature. This Statement addresses accounting principles related to related party transactions, going concern considerations and subsequent events not previously addressed in the authoritative literature. There was no impact to the University's financial statements due to the adoption of Statement No. 56.

The University's financial resources are classified for accounting and reporting purposes into the following three 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.

Restricted—Nonexpendable restricted net assets are subject to externally imposed stipulations that they be maintained permanently by the University. Such assets include the University's permanent endowment funds.

Restricted—Expendable restricted net assets are subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

Unrestricted—Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for academic and research programs and initiatives and for capital programs.

Related Party Transaction—During fiscal year 2009 the University received and recorded a gift of real estate valued at $2,700,000 from a member of the Board of Trustees and reported such as additions to permanent endowments in the accompanying 2009 Statement of Revenues, Expenses, and Changes in Net Assets.

Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis. The University reports as a Business Type Activity as defined by GASB Statement No. 35. A Business Type Activity is financed in whole or in part by fees charged to external parties for goods or services.

Investments in marketable securities (other than the University's alternative investments) are carried at fair value as established by the major securities markets (quoted market prices). Investment income is recorded on the accrual basis. Realized and unrealized gains and losses are reported as non-operating revenues (expenses).

The University's financial statements include alternative investments, such as limited partnerships, that are not publicly traded. Certain of these alternative investments are carried at estimated fair value as of March 31, 2009 and 2008, as adjusted by cash receipts, cash disbursements and securities distributions through June 30, 2009 and 2008, at a total estimated fair value of $80 million and $98 million, respectively. In addition, the University also has alternative investments in investment funds that are not themselves publicly traded and thus do not have publicly reported market values, but whose underlying assets consist of publicly traded investments for which fair values are established by the major securities markets. Such alternative investments are carried at fair value of $198 million and $318 million at June 30, 2009 and 2008. The University believes that the total carrying amount of its alternative investments valued at $278 million and $416 million at June 30, 2009 and 2008 is a reasonable estimate of fair value. The University's outstanding commitment to alternative investments is $64 million and $42 million as of June 30, 2009 and 2008, respectively.

The University's investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investments could occur in the near term and that such changes could materially affect the investment amounts reported in the accompanying Statement of Net Assets.

Inventories are held primarily by the Hoxworth Blood Center and the Utilities Service Center. Inventory is stated at the lower of cost or net realizable market value. The moving-average basis for all inventories is used to determine inventory cost.

Capital Assets—Land, land improvements, infrastructure, buildings and equipment are recorded at cost at date of acquisition, or market value at date of donation. The University's capitalization threshold is $100,000 for major capital projects and $5,000 for all other capitalized items. Interest on related borrowing, net of interest earnings on invested proceeds, is capitalized during the period of construction. University and Foundation property and equipment are depreciated using the straight-line method over the estimated useful lives (from five to fifty years) of the respective assets. When plant assets are sold or disposed of, the carrying value of such assets and the associated depreciation are removed from the University's records.

The University does not capitalize works of art or historical treasures that are held for public exhibition, education or research in furtherance of public service. These collections are neither disposed of for financial gain nor encumbered in any way. In addition, the University requires the proceeds from the sale of collection items be used to acquire other collection items. Accordingly, such collections are not recognized or capitalized for financial statement purposes. All other works of art or historical treasures are capitalized at historical or fair value at date of donation.

Gift Pledges—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, including time requirements, have been met. In the absence of such promise, revenue is recognized when the gift is received.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on these amounts are computed using a discount rate commensurate with the risks involved. At June 30, 2009, these discount rates ranged from 4% to 6%. An allowance for uncollectible pledges receivable is provided based on management's judgment of potential uncollectible amounts. The determination includes such factors as prior collection history, type of gift and nature of fund-raising.

Deferred Revenue includes amounts received in advance of an event.

Endowment Spending Policy—For donor restricted endowments, the Uniform Prudent Management of Institutional Funds Act permits the University to distribute an amount of realized and unrealized endowment appreciation as the Board of Trustees determines to be prudent. The University's policy is to accumulate the undistributed realized and unrealized appreciation within the endowment, which is discussed in Note 2.

Student Tuition and Residence Fees are presented net of scholarship and fellowship allowances of $85,459,000 in 2009 and $84,322,000 in 2008 and bad debt provisions of $1,347,000 in 2009 and $1,287,000 in 2008. Payments made directly to students are presented as scholarship and fellowship expenses.

Auxiliary Enterprise Revenues primarily represent revenues generated by bookstores, parking, the conference center, athletics, housing, and dining.

Operating Activities, as reported on the Statement of Revenues, Expenses, and Changes in Net Assets are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the University's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement 35, including state appropriations, gifts and investment income.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Reclassification—Capital assets not being depreciated were separately reported from capital assets being depreciated for fiscal year 2008 on the Statement of Net Assets to be comparable to the fiscal year 2009 presentation of such amounts.

2. Cash and Investments

Summary—The University maintains centralized management for substantially all of its cash and investments. With the exception of insurance reserves, charitable remainder trusts, and other trust funds the terms of which require separate management, the University invests its reserves and relatively short-duration assets in the Temporary Investment Pool, and invests substantially all of the assets of the University endowment in the Endowment Investment Pool.

Distributions are made from the University endowment to the University entities that benefit from those funds. The endowment spending policy provides for an annual distribution of 5% of the twelve-quarter moving-average market value of endowment units. However, during 2007 and continuing into fiscal year 2009, a temporary 6% endowment spending policy is in effect.

Authorizations—The Temporary Investment Pool is invested principally in investment-grade money-market and fixed-income securities. Balances in the Temporary Investment Pool are primarily for operating expenses or for funding capital projects.

The University investment policies are governed and authorized by University rules. The approved asset allocation policy for the endowment investments sets a general target of 70% equities and 30% fixed-income securities within broader ranges set at the discretion of the Investment Committee.

The University has an established set of investment guidelines related to targeted asset allocation and allowable ranges for alternative investments. As commonly defined in the investment industry, the target allocation for the three groups of alternative investments in force at June 30, 2009 are Private Real Estate 3%, Private Equity 2.5% and Hedge Funds 3%. The allowable range for Private Real Estate and Hedge Funds is 0% to 10% and the allowable range for Private Equity is 0% to 15%.

Diversification is a fundamental risk-management strategy for the endowment portfolio. Accordingly, the portfolio includes investments in domestic and non-U.S. stocks, bonds and bond-like loans; real estate; and limited partnerships consisting of venture capital, private equity and real estate.

Off-Balance-Sheet Risk—The University's investment strategy incorporates certain financial instruments which involve, to varying degrees, elements of market risk and credit risk in excess of amounts recorded in the financial statements. Market risk is the potential for changes in the value of financial instruments due to market changes, including interest and foreign exchange rate movements and fluctuations embodied in forward, futures, and commodity or security prices. Market risk is directly impacted by the volatility and liquidity of the markets in which the related underlying assets are traded. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. The University's risk of loss in the event of counterparty default is typically limited to the amounts recognized in the Statement of Net Assets and is not represented by the contract or notional amounts of the instruments.

Cash and Cash Equivalents—The University considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2009, the carrying amount of the University's cash and cash equivalents for all funds is $57,550,000 as compared to bank balances of $68,301,000. The difference between the carrying amount and the bank balances is caused primarily by deposits in transit and outstanding checks.

Of the University's bank balances, $533,000 is covered by federal depository insurance; money market funds account for $60,985,000; $6,671,000 is in public funds collateralized pools; and the balance of $112,000 is uncollateralized. The University does not have a policy for custodial credit risk.

Investments

The fair value of University investments at June 30 is (in thousands):

	2009	2008
U.S. government, agency and treasury securities	$ 19,701	$ 35,696
Corporate notes and bonds	190,499	108,783
Corporate stocks	176,903	244,540
Mutual funds	338,912	491,049
Other securities	79,644	69,755
Real estate	14,426	12,687
Total investments	820,085	962,510
Less current investments	121,638	53,916
Noncurrent investments	$698,447	$908,594

Current investment detail (in thousands):

	2009	2008
U.S. government, agency and treasury securities	$ 919	$ 10,952
Corporate notes and bonds	120,719	42,964
Total current investments	$ 121,638	$ 53,916

Alternate Investments of $278 million are included within mutual funds and other securities in the summary schedule of investments above (please refer to Note 1, Summary of Significant Accounting Policies, regarding valuation of alternative investments).

At June 30, 2009 and 2008, other securities included $87,690,000 and $82,580,000 net of $17,074,000 and $14,781,000 of loan loss reserves, respectively, of loans made to certain nonprofit entities for the purpose of developing residential and commercial facilities on the borders of the campus. Currently, these loans are secured primarily by mortgages on parcels of land purchased by these nonprofit entities. Some of these mortgages are subordinated to external financing arranged by these entities. These loans bear interest at 6%. The University expects repayment once the residential and commercial facilities have streams of rental income. Loan loss reserves are estimated based on aggregate cash flows projections for the projects and independent appraisals of the underlying undeveloped real estate. The loan loss reserves are reflected in non-operating revenues (expenses), as a component of the increase in fair value of investments.

At June 30, 2009 and 2008, the fair (market) value of land and other real estate held as investments was $14,426,000 and $12,687,000 respectively. Independent real estate appraisals are obtained by the University every three years. The most recent appraisals were received in June of 2009.

For the year ending June 30, 2009, the University implemented GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement establishes consistent standards for reporting of land and real estate held as investments by essentially similar entities. It requires endowments to report their land and real estate investments at fair value. Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach.

The University has recorded the investments in the table above in the following categories: $182,302,000 of investments and $637,783,000 of endowment investments. Also, included in endowment investments as reported on the Statement of Net Assets are $177,443,000 invested predominately in equities held in donor-stipulated irrevocable trusts.

GASB Statement 40 requires government entities to categorize investments by interest rate risk, credit risk, and custodial credit risk.

Interest Rate Risk

The University's investments total $820,085,000. The segmented time distribution method is used to portray interest rate risk of $340,964,000 of bond and other fixed income investments. Investments for the years ended June 30, 2009 and 2008 are summarized as follows (in thousands):

		Investment Maturities (In Years) 2009			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
US Treasury Obligations	$ 883	$ -	$ -	$ -	$ 883
US Government Agencies	15,763	-	121	1,436	14,206
US Treasury STRIPS	3,055	860	2,195	-	-
US Treasury Mutual Fund	19,210	-	-	19,210	-
Corporate Bonds and Notes	190,499	121,829	60,725	6,151	1,794
Bond Mutual Funds	38,919	-	206	38,697	16
Local mortgage secured loans	70,616	3,221	1,663	6,863	58,869
Other	2,019	367	1,652	-	-
Total	$ 340,964	$ 126,277	$ 66,562	$ 72,357	$ 75,768

		Investment Maturities (In Years) 2008			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
US Treasury Obligations	$ 5,348	$ -	$ 761	$ 1,728	$ 2,859
US Government Agencies	26,633	10,332	155	2,015	14,131
US Treasury STRIPS	3,715	850	2,865	-	-
US Treasury Mutual Fund	71,870	-	-	71,870	-
Corporate Bonds and Notes	108,783	44,958	5,429	5,598	52,798
Bond Mutual Funds	58,343	-	18,808	39,534	1
Local mortgage secured loans	67,799	3,503	3,788	4,908	55,600
Other	2,386	367	1,836	183	-
Total	$344,877	$60,010	$ 33,642	$125,836	$125,389

Local mortgage secured loans are comprised of demand notes receivable. Amounts reflected as maturities represent management's best estimate of anticipated collections of these receivables.

The University's investment policy stipulates that the weighted average maturity of investments in the Temporary Investment Pool will be no longer than 5 years. The weighted average of fixed income maturities in the Endowment portfolio will not exceed 20 years.

Credit Risk

The Temporary Investment Pool permits investments in securities rated A or higher at the time of purchase. Securities downgraded below an A rating after purchase are permitted to be retained. Endowment investment-grade bonds are limited to those in the first four grades of any rating system. Below-investment grade high yield bond investments and certain unrated investments having strategic value to the University are permitted. In accordance with the University's investment policy, the University's bond and other fixed income investments are rated by nationally recognized rating organizations as follows as of June 30 (in thousands):

Rating	2009	2008
US Treasury Obligations – equivalent of AAA	$20,093	$77,218
AAA	21,830	31,588
AA	57,524	77,527
A	133,383	77,610
BBB	32,492	10,749
M1G1	3,007	-
Not Rated	72,635	70,185
Total	$340,964	$344,877

Custodial Credit Risk

Of the University's $820,085,000 total investments, $790,272,000 are uninsured, not registered in the name of the University, and are held by trust departments or agents in the University's name, and thus are exposed to custodial credit risk. The University does not have a policy for custodial credit risk.

University Investment Pools

Of the University investments, approximately $46,958,000 are separately invested by donor stipulation. The remaining funds are invested in one of three pools. The Temporary Investment Pool represents the investment of substantially all University cash not otherwise invested in the endowment.

The Endowment Investment Pool A is the principal investment pool for the University endowments that may be pooled legally or by donor concurrence. The University employs the share method of accounting for the Endowment Investment Pool A investments and for proportionate distribution of income to each fund that participates in the pool. At June 30, 2009, the Endowment Investment Pool A consisted of 8,007,000 shares. Effective July 1, 2002, substantially all endowments held in trust, by donor stipulation, by the University of Cincinnati Foundation were invested in the University's Endowment Investment Pool A. At June 30, 2009, such endowments own 2,088,000 pool shares with a market value of $158,412,000, equating to approximately 26% of the Endowment Investment Pool A. The Endowment Investment Pool B comprises real estate holdings received by bequest.

The following tabulation summarizes the changes in relationships between cost and fair values of the Endowment Investment Pool A assets for the year *(in thousands)*:

	Net Cost	Fair Value	Net Gains/ (Losses)	Fair Value Gain/(Loss) Per Share
End of year	$737,504	$607,573	$(129,931)	$ 75.88
Beginning of year	784,112	822,281	38,169	105.05
Unrealized net loss for year			(168,100)	
Realized net loss for year			(59,525)	
Total net loss for year			$(227,625)	$ (29.17)

The University has adopted a spending rate policy which limits the distribution of endowment income earned in the investment pool to 5% of the moving-average market value for the twelve-quarter period ending each December. For FY07 through FY09, the spending policy has temporarily been increased to 6%.

Income allocated for spending during 2009 amounted to $6.64 per share of the Endowment Investment Pool A. The average annual earnings per share, exclusive of capital appreciation, amounted to $2.25.

On June 1, 2009 Ohio's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective and replaced the Ohio Uniform Management of Institutional Funds Act. UPMIFA provides new statutory rules for the management and investment of endowment funds owned and controlled by charitable institutions.

3. Accounts, Pledges and Notes Receivable

Accounts, pledges and notes receivable as of June 30, are as follows *(in thousands)*:

	2009	2008
Accounts receivable	$ 57,557	$ 59,449
Pledges receivable	9,231	11,095
Notes receivable	37,552	36,548
Accrued interest receivable	8,541	7,290
Total	112,881	114,382
Less current receivables	68,631	70,949
Non-current receivables	$ 44,250	$ 43,433

Allowances for uncollectible receivables have been provided in the amount of approximately $7,345,000 and $6,665,000 for accounts receivable, $43,000 and $568,000 for pledges receivable, and $6,138,000 and $5,645,000 for notes receivable as of June 30, 2009 and 2008, respectively.

An allowance for uncollectible accrued interest receivable has been provided in the amount of approximately $17,331,000 and $14,084,000 related to loans made to certain nonprofit entities as of June 30, 2009 and 2008, respectively (see note #2).

Pledges have been discounted at a rate of 4% to net present value, which approximates the fair value of the receivables as follows *(in thousands):*

	2009	2008
Less than one year	$ 3,007	$ 4,333
One to five years	3,703	3,726
More than five years	2,564	3,604
Subtotal	9,274	11,663
Less allowance for uncollectible pledges	43	568
Total	$ 9,231	$11,095

Pledges receivable due from one donor approximated 47% and 48% of total pledges receivable, as of June 30, 2009 and 2008, respectively.

4. Capital Assets

Capital assets activity for the years ended June 30, 2009 and 2008 is summarized as follows *(in thousands)*:

	Balance July 1, 2008	Additions	Retirements/ Transfers	Balance June 30, 2009
Land	$ 21,923	$ -	$ -	$ 21,923
Land improvement	86,402	-	7,033	93,435
Buildings	1,610,240	-	189,339	1,799,579
Construction in progress	223,254	29,469	(223,269)	29,454
Infrastructure	100,244	-	15,472	115,716
Building equipment	15,251	-	456	15,707
Moveable equipment	150,948	14,595	(7,926)	157,617
Computer software	35,211	189	148	35,548
Library books	140,347	8,606	(472)	148,481
Collections	13,364	1,218	-	14,582
	2,397,184	54,077	(19,219)	2,432,042
Less: Accumulated depreciation	927,969	93,393	(14,112)	1,007,250
Capital assets, net	$1,469,215	$ (39,316)	$ (5,107)	$1,424,792

	Balance July 1, 2007	Additions	Retirements/ Transfers	Balance June 30, 2008
Land	$ 21,923	$ -	$ -	$ 21,923
Land improvement	81,629	-	4,773	86,402
Buildings	1,596,622	-	13,618	1,610,240
Construction in progress	176,665	71,839	(25,250)	223,254
Infrastructure	96,353	-	3,891	100,244
Building equipment	15,193	-	58	15,251
Moveable equipment	152,999	9,064	(11,115)	150,948
Computer Software	34,940	426	(155)	35,211
Library books	140,741	9,155	(549)	140,347
Collections	13,364	-	-	13,364
	2,321,429	90,484	(14,729)	2,397,184
Less: Accumulated depreciation	850,686	87,765	(10,482)	927,969
Capital assets, net	$1,470,743	$ 2,719	$ (4,247)	$1,469,215

Land, construction in progress and collections, as shown above, represent non-depreciable items. Therefore, there is no accumulated depreciation for those categories.

5. Accounts Payable and Accrued Liabilities

Accounts payable and the current portion of accrued liabilities as of June 30, 2009 and 2008 are as follows *(in thousands):*

	2009	2008
Compensated absences (Current portion)	$ 34,982	$ 33,528
Compensation	36,712	31,694
Accrued liabilities	51,887	53,867
Vendors payable	33,622	34,672
Total	$157,203	$153,761

6. Compensated Absences

University employees earn vacation and sick leave on a monthly basis. Vacation benefits may be accrued up to a maximum of three years' credit, and earned but unused days are payable upon termination. Sick leave may be accrued without limit; however, earned but unused days are payable only upon retirement from the University, subject to 30- or 60-day limits depending upon the date of hire. The liability for the costs of such benefits approximated $63,704,000 and $62,864,000 as of June 30, 2009 and 2008, respectively.

7. Bonds and Notes Payable

Bonds and notes payable at June 30, 2009 comprise the following *(in thousands)*:

Bond Series – Fixed Rate Debt	Issue Date	Maturity Dates Through	Interest Rate	Outstanding Debt 2009	Outstanding Debt 2008
T, X, Y, AA, AG, AH	1998	2014	4.65-5.50%	$ 11,795	$ 11,795
Z, AC	1997	2012	5.05-5.15%	1,135	1,135
AD	1997	2010	5.05%	935	935
AL, AM, AN	1998	2018	4.40-4.75%	3,800	3,800
AL-1, AO	1999	2013	5.05-5.50%	3,265	3,985
AQ, AT, AU, AV, AZ	2000	2015	5.25-5.50%	2,125	2,645
2001A	2001	2031	5.00-5.50%	98,970	106,060
2002A	2002	2022	4.00-4.875%	4,240	4,480
2002D	2002	2022	4.10-5.00%	3,000	3,340
2002F	2003	2024	3.75-5.375%	24,985	26,710
2002G	2003	2031	3.50-5.00%	10,215	11,230
2003C	2003	2026	4.50-5.00%	64,725	69,155
2004A	2004	2031	2.50-5.00%	54,300	56,430
2004D	2004	2026	2.75-5.00%	48,120	49,095
2004E	2005	2021	3.00-5.00%	19,945	21,240
2005A	2005	2020	3.10-5.00%	69,410	69,410
2005D	2006	2019	4.00-5.00%	20,410	20,410
2006A	2006	2031	3.50-5.00%	49,915	52,035
2007A	2007	2031	3.75-5.00%	77,235	78,015
2007G	2008	2034	3.75-5.00%	89,170	89,170
2008C	2008	2031	3.00-5.00%	39,280	39,280
2008G	2009	2020	4.00-5.50%	19,210	0
Total bonds payable – fixed rate debt				$716,185	$720,355
Bond Series – Variable Rate Debt			**Average Interest Rate Since Issuance**		
2004B – Weekly Mode	2004	2009	3.13%	0	99,055
2007B – Weekly Mode	2007	2009	4.20%	0	38,355
2008B – Weekly Mode	2008	2024	3.42%	35,915	35,915
2008F – Weekly Mode	2009	2034	.98%	99,860	0
Total bonds payable – variable rate debt				135,775	173,325
Total bonds payable				$851,960	$893,680

Notes Payable and Other Debt	Issue Date	Maturity Dates Through	Interest Rate	Outstanding Debt 2009	Outstanding Debt 2008
General Receipts Bond Anticipation Notes:					
2008A	January 2008	January 2009	3.25%	0	30,000
2008E	July 2008	July 2009	2.75%	36,055	0
2008H	December 2008	December 2009	2.00%	17,000	0
2009A	May 2009	May 2010	1.50%	23,900	0
Capital Lease Obligations					
University Center	1996	2011	5.00-5.10%	7,205	11,215
Edwards Center	1998	2011	5.50-5.75%	6,610	8,580
Residence Halls	2000	2028	4.70-5.50%	37,280	38,415
University Ctr Refunding	2005	2024	3.50-5.00%	52,815	52,815
Capital Lease-Stetson	July 2006	June 2033	4.25-5.97%	32,460	32,745
Capital Lease-Turner	July 2006	June 2033	4.00-5.25%	9,850	9,955
Loans payable-equipment	2003	2019	3.58-4.69%	7,850	5,068
Total notes payable and other debt				231,025	188,793
Total bonds and notes payable and other debt				1,082,985	1,082,473
Premium net of unamortized costs and loss on refunding				7,659	8,547
Total bonds and notes payable and other debt, net				$1,090,644	$1,091,020

Debt Issuances and Permanent Fundings

General Receipt Bonds-Fixed Rate Debt

During the year ended June 30, 2009, the University issued one general receipt fixed rate bond series, Series 2008G, in the amount of $19,210,000 that bears interest at rates ranging from 4.00% to 5.50% and matures in 2020. This bond series was issued at a premium. The proceeds were used to current refund $18,000,000 of Series 2008A bond anticipation notes (BANS) which provided funding for the Utility Energy Savings Projects, Morgens Residence Hall Upgrades and Scioto Residence Hall Upgrades; and to pay associated bond issue costs and capitalized interest.

General Receipt Bonds-Variable Rate Debt

During the year ended June 30, 2009, the University issued one general receipt variable rate bond series, totaling $99,860,000. Series 2008F was issued November 21, 2008 in a weekly reset mode and matures in 2034. The proceeds were used to current refund $99,055,000 of Series 2004B variable rate bonds on November 21, 2008 and January 1, 2009.

The initial interest rate for the Series 2008F weekly reset mode bonds was 1.10%. The interest rate for the weekly mode bonds resets every week, with interest due the first business day of each calendar month. Interest paid to date has been based on weekly rates that have fluctuated from a low of .44% to a high of 3.50%. The maximum interest rate on the weekly reset mode bonds is 12%. The Series 2008F bonds are secured by a letter of credit issued by Bayerische Landesbank. Series 2008F weekly rate bondholders may tender any of these bonds for repurchase every seven days. Any bonds so tendered will be purchased either by the proceeds of the remarketing of such bonds or, if not successfully remarketed, by a draw on the letter of credit. Accordingly, the University has classified the outstanding principal balance on its weekly reset mode bonds that matures after June 30, 2010 as a long-term liability. As of June 30, 2009, there has not been a failed remarketing for the weekly reset mode variable rate bonds.

The University issued general receipt insured variable rate bonds, Series 2004B in 2004. These bonds were initially issued in two modes: a portion was in the weekly reset mode and a portion was in the auction rate reset mode. Series 2008C fixed rate bonds were issued on February 6, 2008 to current refund the Series 2004B auction rate reset mode bonds, due to deteriorating conditions within the auction rate securities market.

The initial interest rate for the Series 2004B – weekly reset mode bonds was .92%. The interest rate for these weekly mode bonds reset every week, with interest due on the first business day of each calendar month. Series 2008F variable rate bonds were issued on November 21, 2008 to current refund the Series 2004B weekly reset mode bonds, to improve the trading quality of the bonds by replacing the underlying structure of the Series 2004B bonds (insured bonds with a standby bond purchase agreement) with a pure Letter of Credit. Interest paid through January 1, 2009 was based on rates that have fluctuated from a low of .85% to a high of 9.0%. $89,810,000 of bonds was called on November 21, 2008 and the remaining $9,245,000 of bonds was called on January 1, 2009.

The University issued general receipt insured variable rate bonds, Series 2007B in 2007. The initial interest rate for these weekly reset mode bonds was 3.60%, with interest rate being reset every week, and interest due on the first business day of each calendar month. Series 2008E BANS were issued on July 22, 2008 to current refund $36,055,000 of the Series 2007B weekly reset mode bonds; the remaining $2,300,000 was retired with gifts. The purpose of this refunding was to replace the Series 2007B bonds (insured bonds with a standby bond purchase agreement) with a short-term obligation that would reduce interest rate exposure. Interest paid through August 1, 2008 was based on rates that fluctuated from a low of 2.99% to a high of 10.0%.

The University issued general receipt variable rate bonds, Series 2008B in 2008. These bonds were issued in the weekly reset mode. The initial interest rate for these bonds was 1.90%. The interest rate for the weekly mode bonds resets every week, with interest due on the first business day of each calendar month. Interest paid to date has been based on weekly rates that have fluctuated from a low of .44% to a high of 8.0%. The maximum interest rate on the weekly reset mode bonds is 12%. The University has entered into a letter of credit with a liquidity provider for Series 2008B weekly reset mode bonds. Series 2008B weekly rate bondholders may tender any of these bonds for repurchase every seven days. Any bonds so tendered will be purchased either by the proceeds of the remarketing of such bonds or, if not successfully remarketed, by a draw on the letter of credit. Accordingly, the University has classified the outstanding principal balance on its weekly reset mode bonds that matures after June 30, 2010 as a long-term liability. As of June 30, 2009, there has not been a failed remarketing for the weekly reset mode variable rate bonds.

The University has the option to convert the variable rate bonds from one rate mode to another, as well as the option to redeem these bonds in whole or in part. The University's variable rate bonds mature at various dates through 2034. It is the University's intent to repay its variable rate bonds in accordance with the maturities set forth in the bond indentures.

Derivative Transactions

The University entered into an interest rate swap agreement relating to the Series 2008B variable rate bonds in May 2008. The University also has a swap which became effective May 1, 2009. Market conditions in the spring of 2009 prevented the University from issuing a variable rate bond series to coincide with the swap; Series 2009A BANS was issued on May 12, 2009 and is the debt issue associated with that swap. A debt issue will be pursued in the spring of 2010 when the Series 2009A BANS mature; the amortization schedule of the issue will coincide with the $24,075,000 swap. The intention of these derivative transactions is to protect against the potential of rising interest rates. The amounts under the swaps decrease as principal payments are due on the issued bonds, and planned on the future bonds, so that the amount equals the principal amortization for the bonds.

The following table summarizes the University's interest rate swap agreements:

Associated Bond Issue	Outstanding Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Index Received	Fair Value @ 6/30/2009	Swap Termination Date	Counterparty/ Counterparty Credit Rating
2008B Bonds	$30,930,000	4/8/2008	3.508%	USD-SIFMA Municipal Swap Index	($640,000)	6/1/2024	Royal Bank Of Canada/ Aaa, AA-
2009A BANS	$24,075,000	5/1/2009	3.163%	USD- 67% LIBOR-BBA-1M	($1,532,000)	6/1/2030	Royal Bank Of Canada/ Aaa, AA-

Based on the swap agreements, the University pays to the swap counterparty interest calculated at a fixed rate. In return, the swap counterparty pays the University interest based on a specified index. Only the net difference in interest payments is actually exchanged between the parties. The University continues to pay interest on the Series 2008B bonds and 2009A BANS obligations as due.

Basis Risk: The swaps expose the University to basis risk should the interest rate received on the swaps be less than the interest rate paid on the bonds. This mismatch will effectively result in a higher synthetic fixed rate and the expected savings may not be realized. As of June 30, 2009, the University is experiencing basis risk due to the rating downgrade of the Series 2008B bonds letter of credit bank.

Termination Risk: The University or counterparty may terminate the swap if either party fails to perform under the terms of the agreement. Termination provisions may result in the University paying or receiving a termination payment, depending on the value of the swap at that point in time.

Fair Value: As of June 30, 2009, the combined fair value of the two swap agreements was a negative $2,172,000, indicating the amount that the University would be required to pay the Counterparty to terminate the swap agreements. The fair value was estimated using the zero coupon method. This method calculates the future net settlement payments required by the swap agreement, assuming that the forward rates implied by the yield curve as of June 30, 2009 correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap agreement. The fair values of the swap agreements were developed by an independent third party with no vested interest in the swap transaction.

Credit Risk: As of June 30, 2009, the University was not exposed to credit risk of the counterparty on the termination payments because the swaps had negative fair values. At June 30, 2009, the counterparty was rated AA- by Standard & Poor's and Aaa by Moody's Investors Service.

Bond Anticipation Notes

During the year ended June 30, 2009, the University issued the following Bond Anticipation Notes (BANS):

- Series 2008E was issued on July 22, 2008 in the amount of $36,055,000, at an interest rate of 2.75%, to refinance Series 2007B insured variable rate weekly reset bonds. These BANS matured on July 21, 2009 and were refunded with the issuance of Series 2009B BANS on July 21, 2009.
- Series 2008H was issued on December 18, 2008 in the amount of $17,000,000, at an interest rate of 2%, to refinance $12,000,000 of existing BANS (Series 2008A) and to fund $5,000,000 of early project expenditure projects.
- Series 2009A was issued on May 12, 2009 in the amount of $23,900,000, at an interest rate of 1.5%, to current refund $23,380,000 of the 2009 maturities of fixed rate bonds on June 1, 2009.

Loans Payable for Equipment

During the year ended June 30, 2009, the University entered into one equipment lease in the amount of $4,071,143, at an interest rate of 4.02%, for the purchase of pianos for the College-Conservatory of Music. All of the outstanding loans for equipment bear interest at rates between 3.58% and 4.69%.

Capital Leases for Stetson and Turner

The University has two capital lease agreements in connection with the financing of two buildings (One Stetson Square and the Turner Center) which are owned by King Highland Community Urban Redevelopment Corporation and will be occupied, all or in part, by the University. The One Stetson Square lease totaling $32,460,000 bears interest at rates ranging from 4.25% to 5.97% and matures in 2033. The Turner Center lease totaling $9,850,000 bears interest at rates ranging from 4.00% to 5.25% and matures in 2033.

Refundings

General Receipts Bond Anticipation Notes— Series 2008E general receipt bond anticipation notes were issued July 22, 2008 in the amount of $36,055,000, for the purpose of current refunding a portion of the Series 2007B variable rate weekly reset mode bond maturities. $2,300,000 of the Series 2007B variable rate weekly reset mode bonds was retired with gifts and $36,055,000 was called on August 1, 2008 with proceeds from the issuance of Series 2008E. The purpose of this refunding was to replace the Series

2007B Bonds (insured bonds with a standby bond purchase agreement) with a short-term obligation that would reduce interest rate exposure. The resulting loss on refunding was not significant.

Series 2009A general receipt bond anticipation notes were issued May 12, 2009 in the amount of $23,900,000, for the purpose of current refunding $23,380,000 of the following June 1, 2009 fixed rate bond maturities: Series AL1 $240,000, Series AO $480,000, Series AQ $270,000, Series AT $30,000, Series AU $105,000, Series AV $35,000, Series AZ $80,000, Series 2001A $7,090,000, Series 2002A $240,000, Series 2002D $340,000, Series 2002F $1,725,000, Series 2002G $1,015,000, Series 2003C $4,430,000, Series 2004A $2,130,000, Series 2004D $975,000, Series 2004E $1,295,000, Series 2006A $2,120,000 and Series 2007A $780,000. The purpose of the refunding was to complete the second phase of the University's Liquidity Reserve funding plan. Net proceeds of $23,860,431 were used to purchase United States government securities to provide for the June 1, 2009 debt service payment for the above referenced bonds. The resulting gain on refunding was not significant.

General Receipts Bonds— Series 2008F general receipt variable rate weekly reset bonds were issued November 21, 2008 in the amount of $99,860,000, for the purpose of current refunding the Series 2004B variable rate weekly reset mode bond maturities. $89,810,000 of bonds was called on November 21, 2008 and the remaining $9,245,000 of bonds was called on January 1, 2009 with the proceeds of Series 2008F. The purpose of this refunding was to improve the trading quality of the bonds by replacing the underlying structure of the Series 2004B Bonds (insured bonds with a standby bond purchase agreement) with a pure Letter of Credit. The resulting deferred loss on refunding was not significant.

Collateralization and Debt Reserves

The general receipts bonds and general receipts bond anticipation notes are collateralized by a pledge of general receipts of the University. The Capital Lease Obligations and Capital Leases (Stetson and Turner) are secured by base rent payments under the leases. The gross cost of assets under Capital Lease Obligations is $183,013,000. Payment of base rents is subordinate to debt service payments on the University's general receipt bonds and bond anticipation notes. Loans Payable – Equipment is collateralized by specified equipment. At June 30, 2009, the required debt service reserve amounted to $8,679,000. As provided for in the Amended and Restated Trust Agreement, this reserve is solely for the payment of debt service charges on the pre-amended bonds, with the exception that excess amounts may be transferred pursuant to Section 4.03 of the Amended and Restated Trust Agreement.

Debt Service Commitments

For bonds and notes payable at June 30, 2009, scheduled annual debt service payments subsequent to June 30, 2009 are as follows *(in thousands):*

Fiscal Year	Principal	Interest	Total
2010	$106,985	$39,584	$146,569
2011	31,455	36,585	68,040
2012	33,700	35,248	68,948
2013	37,385	33,806	71,191
2014	38,610	32,149	70,759
2015-2019	223,330	132,696	356,026
2020-2024	226,105	79,177	305,282
2025-2029	159,400	33,430	192,830
2030-2034	71,945	5,536	77,481
Total	$928,915	$428,211	$1,357,126

The University has $135.8 million of variable rate bonds; all which interest is reset weekly based on the market with a maximum rate of 12% per year. The interest rate used to determine future interest payments in the debt service repayment table above is the rate in effect at June 30, 2009 as follows: 3.508% for the portion of Series 2008B associated with the swap and 3.15% for the portion of Series 2008B not associated with the swap, and 3.15% for the 2008F variable weekly rate. Series 2008B variable rate bonds were issued in April 2008; interest rates have ranged from .44% to 8.00%. Series 2008F variable rate bonds were issued in November 2008 and since the date of issuance, the variable weekly rate has ranged from .44% to 3.5%.

The University's LIBOR swap which became effective May 1, 2009 is currently attached to Series 2009A BANS ($23,900,000 issued at an interest rate of 1.5%). Principal and associated interest for this BAN series is reflected in the debt service repayment table in FY10; the swap payment associated with the LIBOR swap is not reflected in the table. A variable rate bond issue will be pursued in the spring of 2010; the principal amortization schedule of that variable rate issue will coincide with the $24,075,000 swap and future interest for that series will be reflected at the LIBOR swap rate of 3.163%.

The Governmental Accounting Standards Board (GASB) requires the disclosure of debt service requirements to maturity as depicted above, with the interest on variable rate debt being determined by using the rate in effect at the financial statement date. The University has been exposed to negative market conditions associated with its variable rate debt, as the letter of credit provider on Series 2008B and 2008F bonds had a rating downgrade in fiscal year 2009, resulting in interest rates of 3.15% being paid on these issues at the end of June 2009. The interest on the portion of the Series 2008B variable rate bonds associated with the SIFMA swap is reflected in the debt service repayment table at the swap rate of 3.508%; it does not reflect the additional interest premium being paid on these bonds at June 30, 2009. The University is continually monitoring its debt portfolio and has positioned itself to take steps subsequent to June 30, 2009 as market conditions improve, to decrease interest rate exposure on these issues as presented in Section F of this footnote.

Scheduled principal and interest payments on capital lease obligations and loans payable subsequent to June 30, 2009 are *(in thousands):*

Fiscal Year	Principal	Interest	Total
2010	$9,269	$7,608	$16,877
2011	8,541	7,259	15,800
2012	8,056	6,808	14,864
2013	7,302	6,453	13,755
2014	7,811	6,084	13,895
2015-2019	37,101	24,627	61,728
2020-2024	40,250	15,409	55,659
2025-2029	23,400	6,507	29,907
2030-2034	12,340	1,580	13,920
Total	$154,070	$82,335	$236,405

Defeased Debt

Debt defeased by the University for which amounts remain outstanding at June 30, 2009, is *(in thousands):*

Bond Series	Maturity Dates	Interest Rate(s)	Amount Outstanding
General Receipts Bonds:			
Series AL-1	2014-2019	5.60-5.75%	$2,140
Series AO	2014-2019	5.60-5.75%	4,285
Series AT	2014-2020	5.50-5.75%	325
Series AV	2014-2020	5.50-5.75%	365
Series AZ	2014-2020	5.50-5.75%	850
Series 2001A	2015-2019	5.75%	29,245
Series 2001A	2022-2024	5.25%	24,030
Series 2002F	2016-2020	5.375%	13,010
Total			$74,250

Neither the outstanding indebtedness nor the related trust accounts are reflected in the accompanying financial statements for the fully defeased bonds listed above. United States Treasury obligations in an amount sufficient to pay principal and interest on the defeased obligations, when due, have been deposited with a trustee in accordance with the defeasance of the debt.

Other

Interest expense incurred on indebtedness for the years ended June 30, 2009 and 2008, is $44,783,000 and $41,286,000 respectively. In 2009, interest expense on construction-related debt of $2,620,000, net of $1,191,000 interest earned on invested funds, was capitalized. In 2008, interest expense on construction-related debt of $9,246,000, net of $2,156,000 interest earned on invested funds, was capitalized.

Long-Term Liability

Long-term liabilities as of June 30, 2009 and 2008 are as follows *(in thousands)*:

	Year Ended June 30, 2009					
	Balance July 1, 2008	Additions	Reductions	Balance June 30,2009	Current Portion	Noncurrent Portion
Bonds, notes and capital leases:						
Bonds and notes payable	$923,680	$196,025	$190,790	$928,915	$106,985	$821,930
Loans payable-equipment	5,068	4,071	1,289	7,850	1,504	6,346
Capital lease obligations	153,725	-	7,505	146,220	7,765	138,455
Premium net of unamortized costs and loss on refunding	8,547	2,790	3,678	7,659	1,059	6,600
Total bonds, notes and capital leases	1,091,020	202,886	203,262	1,090,644	117,313	973,331
Other long-term liabilities:						
Compensated absences	62,864	4,343	3,503	63,704	34,982	28,722
Refundable advances, federal loans	26,276	37	1,161	25,152	-	25,152
Other Liability	943	-	462	481	481	-
Deposits held in trust for others	3,228	72,871	71,564	4,535	-	4,535
Total other long-term liabilities	93,311	77,251	76,690	93,872	35,463	58,409
Total	$1,184,331	$280,137	$279,952	$1,184,516	$152,776	$1,031,740

	Year Ended June 30, 2008					
	Balance July 1, 2007	Additions	Reductions	Balance June 30,2008	Current Portion	Noncurrent Portion
Bonds, notes and capital leases:						
Bonds and notes payable	$903,845	$267,643	$247,808	$923,680	$55,760	$867,920
Certificates of participation	90	-	90	-	-	-
Loans payable-equipment	6,439	-	1,371	5,068	1,290	3,778
Capital lease obligations	159,515	-	5,790	153,725	7,505	146,220
Premium net of unamortized costs and loss on refunding	4,444	7,646	3,543	8,547	848	7,699
Total bonds, notes and capital leases	1,074,333	275,289	258,602	1,091,020	65,403	1,025,617
Other long-term liabilities:						
Compensated absences	64,108	1,427	2,671	62,864	33,528	29,336
Refundable advances, federal loans	26,311	18	53	26,276	-	26,276
Other Liability	1,387	-	444	943	500	443
Deposits held in trust for others	10,077	66,911	73,760	3,228	-	3,228
Total other long-term liabilities	101,883	68,356	76,928	93,311	34,028	59,283
Total	$1,176,216	$343,645	$335,530	$1,184,331	$99,431	$1,084,900

8. State Support

The University is a state-assisted institution of higher education and receives from the State of Ohio a state share of instruction that is student-enrollment based. This subsidy is determined annually by the Ohio Board of Regents. The State also provides line-item appropriations that support, in part, the current operations of various activities including clinical teaching expenditures.

In addition to the operating subsidies, the State of Ohio provides funding for and constructs major plant facilities on the University's campuses. The state passes a capital-appropriations bill biannually for both major capital projects and basic renovation projects of which the University receives a share. Such facilities are reported as capital assets on the Statement of Net Assets.

9. Retirement Plans and Other Post Employment Benefits

Retirement benefits are available for substantially all employees under one of several contributory retirement plans. Prior to July 1, 1977, when the University became a state institution, employees were covered by either the City of Cincinnati Retirement System (CRS) or the Teachers' Insurance and Annuity Association — College Retirement Equities Fund (TIAA-CREF). Certified teachers appointed on or after July 1, 1977, are covered by the State Teachers Retirement System (STRS). Non-certified employees appointed on or after that date are covered by the Ohio Public Employees Retirement System (OPERS). Both STRS and OPERS are statewide systems that offer three separate plans: (1) a defined benefit plan, (2) a defined contribution plan, and (3) a combined plan. Each of the three options is discussed in greater detail in the following sections.

Defined Benefit Plans

The OPERS, STRS and CRS plans are cost-sharing, multiple-employer, defined-benefit, public-employee retirement systems. Each provides retirement, disability, and survivor benefits to plan members and beneficiaries. These plans also provide health care benefits to vested retirees. Benefits provided under the plans are established by state statute or the Cincinnati Municipal Code.

All three plans issue separate, publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by contacting each system as follows: Public Employee Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215, Telephone (614) 466-2085; State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215, Telephone (614) 227-4090; and City of Cincinnati Retirement System, 801 Plum Street, Cincinnati, Ohio 45202, Telephone (513) 352-3227.

The Ohio Revised Code and the Cincinnati Municipal Code provide OPERS, STRS, and CRS statutory authority, respectively, over employer and employee contributions. The required, actuarially determined contribution rates for the University and for employees are 14% (5.5% relating to health care benefits) and 10% of covered payroll, respectively, for OPERS; 14% (1% relating to health care benefits) and 10%, respectively, for STRS; and 17% and 7%, respectively, for CRS for the year ended June 30, 2009. The University's contributions, representing 100% of employer contributions for the year ended June 30, 2009, and for each of the two preceding years are as follows (in thousands):

Fiscal Year	OPERS $	STRS $	CRS $
2007	20,318	17,618	506
2008	20,155	15,417	278
2009	20,904	16,733	162

OPERS and STRS provide postretirement and postemployment health care benefits in addition to the retirement benefits described above. OPERS Other Postemployment Benefits (OPEB) is advance funded on an actuarially determined basis. The assumptions and calculation below were based on the system's latest actuarial review performed as of December 31, 2007. The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets not to exceed a 12% corridor. The actuaries' assumptions were as follows: investment return, 6.5%; annual wage increase (compounded annually), 4%; and health care costs, 4%. At December 31, 2007, the actuarial funding value of the Retirement System's net assets available for OPEB was $12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $29.8 billion and $17 billion, respectively. There are 363,503 active contributing participants as of December 31, 2008. Of the $20,904,000 University employer contributions to OPERS for 2009, $8,212,000 was to fund OPEB.

STRS has discretionary authority, pursuant to the Ohio Revised Code, over how much, if any, of the health-care costs will be absorbed by STRS. All benefit recipients are required to pay a portion of the health-care cost in the form of a monthly premium. The balance in the Health Care Stabilization Fund was $3.7 billion at June 30, 2008 (the latest information available). For the year ended June 30, 2008, the net health-care costs paid by STRS were $288,878,000. There were 126,506 eligible benefit recipients.

In addition to the pension benefits described above, the University provides postretirement health-care and dental benefits (under its labor agreement with the American Association of University Professors) to all who are participants of TIAA-CREF when they retire. During 2009, 2008, and 2007, the net cost of these benefits recorded on a pay-as-you-go basis totaled approximately $3,148,000, $3,010,000, and $2,961,000, respectively.

Defined Contribution Plans

On June 23, 1998, pursuant to Ohio House Bill 586, the University created an Ohio Alternative Retirement Plan (ARP), which is designed to aid the University in recruiting and retaining employees by offering a portable retirement option. The ARP is a defined-contribution plan that provides full and immediate vesting of all contributions made on behalf of the participant. Contributions are directed to one of eight investment management companies, which allows the participant to manage the investment of all retirement funds. New employees who qualify for the ARP have 90 days from the date of hire to elect the ARP option. Once this window has passed, the employee will not have the option to elect into the ARP.

At June 30, 2009, there were 2,137 members of the plan. During 2009, 2008, and 2007, the employer contributions were $13,956,000, $13,730,000, and $13,418,000, respectively. The employer contribution rate for participants electing out of OPERS and STRS was 14% for both 2009 and 2008.

Combined Plans

STRS 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.

10. Restricted Net Assets

Restricted net assets are either nonexpendable or expendable. Nonexpendable restricted net assets consist primarily of endowments whose corpus is held in perpetuity. Only the income earned on the invested principal is used for the purpose specified by the donor. The principal of expendable restricted net assets may be used for the donor-specified purpose. Restricted nonexpendable and expendable net assets are held for the following purposes *(in thousands):*

	2009	2008
Restricted nonexpendable:		
Instruction	$ 114,069	$ 150,369
Research	76,759	95,188
Academic support	36,640	50,105
College/programs	236,225	311,358
Scholarships	100,259	130,589
Equity interest in Alliance	351,632	389,446
Other	55,846	75,468
Total	$971,430	$1,202,523

	2009	2008
Restricted expendable:		
Instruction	$ 27,447	$ 31,191
Research	88,684	113,347
Academic support	24,144	30,341
College/programs	114,611	144,456
Scholarships	38,072	44,685
Student loans	9,291	9,284
Grants and contracts	4,018	2,471
Capital projects	17,544	14,794
Other	2,535	1,021
Total	$ 326,346	$ 391,590

11. Unrestricted Net Assets

Unrestricted net assets, as defined by GASB Statement 35, are not subject to externally imposed stipulations; however, they are subject to internal restrictions imposed by action of management or the Board of Trustees, or may otherwise be limited by contractual agreements with outside parties.

12. Equity Interest in Health Alliance

Effective January 1, 1995, the University, acting on its own behalf and on behalf of University Hospital (the Hospital), entered into a Joint Operating Agreement (as subsequently amended, the Agreement) with The Christ Hospital (TCH), St. Luke Hospital, Inc. (SLH), collectively referred to as the Participating Entities, and The Health Alliance of Greater Cincinnati (the Alliance) for the purpose of forming an alliance of hospitals, physicians and other health-care providers in an integrated health-care delivery system. Jewish Health Systems, Inc. (JHS) and Fort Hamilton Hospital Holding Company LLC (FHH) also executed the Agreement and became Participating Entities effective January 1, 1996, and July 1, 1998, respectively. Under the terms of the Agreement, the Hospital, TCH, FHH, JHS and SLH were managed by the Alliance, and their operating results were combined and allocated to the Participating Entities based on their calculated equity interests in the Alliance.

Commencing in 2006 there was litigation between the Alliance and TCH and SLH concerning the ability of TCH and SLH to withdraw from the Alliance and the resulting financial settlements. The litigation with SLH was resolved in December 2008, through a financial settlement and related agreements pursuant to which SLH's status as a Participating Entity was terminated, certain assets and other interests were conveyed to SLH, certain liabilities were assumed and other agreements were reached. The litigation with TCH was resolved in January 2009, through a financial settlement and related agreements pursuant to which TCH's termination of its status as Participating Entity was confirmed, certain funds and assets were conveyed and certain other agreements were reached. Pursuant to such agreement the Alliance agreed to take certain actions in connection with its remaining Series 1997 Bond Indebtedness with a remaining principal amount of $50,879,000. If such actions are not successfully completed, the Alliance must redeem such indebtedness by January 11, 2010. There are a variety of factors, including general conditions of the current credit markets and any potential termination of the participation of JHS and FHH, that may adversely affect the ability of the Alliance to accomplish the repayment or refunding of that indebtedness (see below). The University understands that the Alliance, in light of its available reserves, currently anticipates having sufficient liquid resources to enable the Alliance to redeem such indebtedness as required. If the Alliance is unable to repay or refund that indebtedness, there would be certain risks to the University relating to both the University's interest in the Alliance and the operations of University Hospital as they relate to operational arrangements with the Alliance.

As a result of the withdrawal of TCH and SLH from the Alliance, the University's equity interest in the Alliance effectively increased from 29.12% to 49.5% beginning in fiscal year 2008. This percentage is based on the University's pro rata portion of the remaining Participating Entities' unrestricted net assets. Reflected in the University's June 30, 2008 financial report was an equity interest in the Alliance of $389 million based on available unaudited data from the Alliance. The Alliance's June 30, 2008 audited financial report was issued in spring 2009. The Alliance's 2008 audited data reflected the University's equity interest at $407 million, an increase of $18 million over the amount previously reported by the University in 2008. The Alliance's audited financial report for fiscal year 2009 is complete. During fiscal year 2009, the University's equity interest in the Alliance decreased to $352 million, a decrease of $37 million when compared to the $389 million reflected in the University's June 30, 2008 financial report. The Alliance's loss in fiscal year 2009 is a result of losses on investments, loss on the extinguishment of debt, and a change in retirement plan liability.

Pursuant to the Operating and Affiliation Agreement between the Alliance and the University dated January 25, 2006, the Alliance provides financial support to the University for academic programs that directly or indirectly support patient care at the Hospital or the Alliance. The Alliance also pays the University an annual education and research payment that must be used exclusively for Academic Health Center purposes. The total of these payments for the years ended June 30, 2009 and 2008 were $9,283,000 and $9,084,000 respectively. Additionally, the University provides various shared services, consisting mainly of security and various administrative services to the Alliance for which the University is reimbursed on a cost basis. The total cost of these services for the years ended June 30, 2009 and 2008 were approximately $17,242,000 and $17,195,000 respectively. Currently, the University is unable to determine whether and to what extent, if any, the receipt of such amounts in the future could be materially and adversely affected. The University is evaluating what steps it may take, either with respect to the Alliance and the University's participation in the Alliance or with respect to strategic relationships with other entities, to best serve the continued operations of the Hospital and the College of Medicine.

In August 2009, JHS and FHH delivered notices to the Alliance and the other Participating Entities of their intent to terminate their participation in the Alliance. Discussions among the Participating Entities are ongoing. The right of each of JHS and FHH to terminate participation in the Alliance and the terms of any such termination are the subject of ongoing discussions among the parties. Additionally, representatives of JHS have informed the Alliance that JHS has entered into a memorandum of understanding and subsequent negotiations relating to the potential sale of JHS.

In addition, the Alliance is currently defending a qui tam action, *United States (U.S.) ex rel. Fry v. The Health Alliance of Greater Cincinnati and The Christ Hospital*, a suit initiated under the Federal False Claims Act by Dr. Harry Fry, a former cardiologist at The Christ Hospital. The Government's theory is Medicare and Medicaid claims for cardiac procedures at The Christ Hospital, from 1997-2004, were "tainted" by alleged kickbacks and thus constituted false claims. The Christ Hospital was a Participating Entity of the Alliance during this time period. Previously industry qui tam actions have resulted in a broad range of outcomes and as of June 30, 2009 the possible extent of loss is not reasonably estimable.

13. Capital Project Commitments

At June 30, 2009, the University is committed to future capital expenditures as follows *(in thousands):*

Contractual commitments	$ 8,407
Estimated completion costs of projects	242,010
Total	$250,417

These projects are being funded through various resources, including the State of Ohio, as follows *(in thousands):*

Approved state appropriations requested and released as of June 30, 2009	$ 2,090
Approved state appropriations not yet requested	28,708
University funded prior to June 30, 2009	31,113
Funds to be provided subsequent to June 30, 2009, from various available sources	188,506
Total	$250,417

The $250,417,000 of funding to be provided subsequent to June 30, 2009 will come from state funds, debt, and University funds.

14. Self-Insurance Funds

The University currently provides for medical professional and general liability insurance through a combination of an actuarially funded self-insurance program sponsored by the University and has purchased commercial insurance in excess of the self-insurance amount. The medical professional liability insurance program also includes several qualified not-for-profit departmental (physician) practice corporations. Medical professional self-insurance limits were $4 million per occurrence for 2009. An additional $15 million in commercial excess professional liability insurance was provided above the self-insured retention.

General liability coverage is also provided as part of a group insurance program of Ohio state universities known as the Inter-University Council of Ohio Insurance Consortium (IUC-IC). This program provided for $1 million retention per occurrence with the first $100,000 funded by UC, and the remaining $900,000 funded by pool funds held through the IUC. Excess commercial coverage for general liability was provided with total limits of $50 million, of which $45 million was shared with the other participating universities. In addition, educators' legal liability coverage was provided through the IUC program with $25 million in total limits, of which $20 million was shared among the participating institutions. The IUC-IC self-insurance pools are funded by an agreed formula among the participating universities.

The University's self-insurance program is based on calculations by independent actuaries and funds are deposited directly into two irrevocable self-insurance trust funds, one for medical and professional liability and one for general liability. In the opinion of management, trust assets totaling approximately $30,530,000 are adequate to cover estimated liabilities resulting from known claims and incidents and incurred-but-not-reported incidents as of June 30, 2009.

Property insurance is also provided through the IUC-IC program, consisting of commercial property insurance with a $350,000 retention, and a self-insurance pool to fund losses between $100,000 and $350,000.

The University is also self-insured for a portion of medical, dental, and pharmacy benefits provided to employees beginning in fiscal year 2007 with the addition of self-insured prescription benefits during fiscal year 2008. The cost of such self-insured benefits provided during 2009 and 2008, respectively, was approximately $67,062,000 and $64,706,000. In addition, $4,666,000 and $5,313,000 was accrued for 2009 and 2008, respectively, for estimated claims incurred but not reported.

15. Commitments and Contingencies

The University is currently a defendant in various legal actions. Additional legal action regarding The Alliance of Greater Cincinnati but not involving the University could negatively affect the University's equity interest in the Alliance (see Note 12). Although the final outcome of such actions cannot currently be determined, the University's administration is of the opinion that the eventual liability, if any, will not have a material effect on the financial position or operations of the University.

The University receives grants and contracts from certain federal, state and local agencies to fund research and other activities. The costs, both direct and indirect, that have been charged to the grants or contracts are subject to examination and approval by the granting agency. It is the opinion of management that any disallowance or adjustment of such costs would not have a material effect on the financial statements.

In 2005 the Department of Education conducted a program audit of certain aspects of the University's Student Financial Aid Program. As a result of various findings of the Department of Education, the University has estimated and recorded a liability to the Department of Education approximating $13,900,000.

The University's utility plant is exposed to market price fluctuations on its purchase of natural gas. Purchase commitments have been issued with certain suppliers of natural gas whereby the University has locked into the price of natural gas for specified amounts to stabilize costs.

16. University of Cincinnati Foundation

The University of Cincinnati Foundation is a legally separate, tax-exempt component unit of the University. The principal function of the Foundation is to solicit, reserve, hold, invest and administer funds and to make distributions to or for the benefit of the University. Since these resources held by the Foundation can be used only by or for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

Accounts of the Foundation have been consolidated in the accompanying financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Pledges receivable for the benefit of the University totaling $9,231,000 in 2009 and $11,095,000 in 2008, and funds held in trust by the Foundation for the University of $177,404,000 in 2009 and $224,061,000 in 2008, have been recorded by the University and have, therefore, been eliminated from the amounts reported for the Foundation as of June 30, 2009 and 2008. Of these amounts, $158,411,000 and $202,068,000 have been invested as of June 30, 2009 and 2008, respectively, in the University endowment pool investment pool.

Cash & Cash Equivalents

The carrying amount of the Foundation's cash and cash equivalents is $9,927,000 as compared to bank balances of $10,647,000. The difference between the carrying amounts and the bank balances is caused primarily by deposits in transit and outstanding checks.

Of the Foundation's bank balances, $193,000 is covered by federal depository insurance, $6,153,000 is uninsured and money market funds account for $4,301,000 in cash equivalents.

Investments

The fair value of investments at June 30 is *(in thousands)*:

	2009	2008
U. S. government and treasury securities	$ 68	$ 4,605
Corporate bonds	4,628	4,280
Mutual funds	7,870	5,948
Other securities	930	818
Total investments	$13,496	$15,651

GASB Statement 40 requires government entities to categorize investments of interest rate risk, credit risk, and custodial risk.

Interest Rate Risk

The Foundation's investments total $13,496,000 and $15,651,000 as of June 30, 2009 and 2008 respectively. The segmented time distribution method is used to portray interest rate risk for $9,548,000 and $14,818,000 of bond and other fixed income investments as of June 30, 2009 and 2008, respectively. Investments for the years ended June 30, 2009 and 2008 are summarized as follows (in thousands):

		Investment Maturities (In Years) 2009			
Investment Type	Fair Value	Less than 1	1 – 5	6 – 10	More than 10
U.S. Treasury Obligations	$ 52	$ 10	$ 42	$ -	$ -
U.S. Government Agency Obligations	16	-	16	-	-
Municipal Obligations	38	-	-	-	38
Corporate Bonds	4,628	4,484	139	5	-
Bond Mutual Funds	4,814	-	3,458	146	1,210
Total Investments	$9,548	$ 4,494	$ 3,655	$ 151	$ 1,248

		Investment Maturities (In Years) 2008			
Investment Type	Fair Value	Less than 1	1 – 5	6 – 10	More than 10
U.S. Treasury Obligations	$ 2,023	$ 1,006	$ 446	$ 571	$ -
U.S. Government Agency Obligations	2,582	567	323	709	983
Municipal Obligations	60	-	-	21	39
Corporate Bonds	4,280	1,830	1,569	869	12
Bond Mutual Funds	5,873	-	530	4,448	895
Total Investments	$14,818	$ 3,403	$ 2,868	$ 6,618	$ 1,929

The Foundation does not have a policy for interest rate risk.

Credit Risk

Bond and other fixed income investments are rated by nationally recognized rating organizations as follows, as of June 30 (in thousands):

	2009	2008
U.S. Treasury Obligations	$ 52	$ 2,023
AAA	3,033	6,577
AA/Aa	5,796	2,423
A/A-1	100	2,799
BBB/Baa	407	76
B	-	496
Not Rated	160	424
Total	$9,548	$14,818

Foundation investment grade bonds are limited to those in the first four grades of any rating system. The average rating of the portfolio of investment grade bonds must be in the top two grades of any rating system. Limited investments having strategic value to the University are permitted.

Custodial Credit Risk

Of the Foundation's $13,496,000 total investments, approximately $12,548,000 are uninsured, not registered in the name of the Foundation, and are held in trust departments or assets in the Foundation's name and are thus not exposed to custodial credit risk. The Foundation does not have a policy for custodial credit risk.

Endowment Investments

These funds represent separately invested endowments and split interest trusts where the Foundation is the remainderman.

Pledges Receivable

Contributors to the Foundation have made unconditional pledges totaling $68,887,000 and $75,241,000 as of June 30, 2009 and 2008, respectively. These pledges receivable have been discounted at a rate of 6% to a net present value of $53,973,000 and $54,350,000 as of June 30, 2009 and 2008, respectively, which represents fair market value. As of June 30, these pledges are due as follows *(in thousands):*

	2009	2008
Less than one year	$17,408	$14,350
One to five years	21,710	26,311
More than five years	14,855	13,689
Subtotal	53,973	54,350
Less allowance for uncollectibles pledges	2,417	1,809
Total	$51,556	$52,541

Separate financial information regarding the Foundation may be obtained by contacting the Foundation at University of Cincinnati Foundation, University Hall, Suite 100, 51 Goodman Drive, Cincinnati, Ohio 45221-0064.

17. Subsequent Events

Stratford Heights is a student housing complex opened in the fall of 2005 and consists of 20 buildings with a capacity to house approximately 700 students. This facility is owned by the University Heights Community Urban Redevelopment Corporation (UHCURC). Pursuant to a Master Use Agreement between the University and UHCURC, certain events occurred in fiscal year 2009 that triggered the commencement of a lease agreement which requires the University to lease the property from UHCURC effective September 1, 2009. As a result, Stratford Heights is reported as an auxiliary by the University. As of August 31, 2009, UHCURC's capital assets were approximately $62,800,000 and secured with Hamilton County bonds of approximately $50,300,000. Management is still evaluating the impact of the lease agreement on the financial statements.

As of July 1, 2009, an amended and restated code of regulations of University of Cincinnati Physicians, Inc. (UCP) was adopted. The University is currently evaluating the impact this change may have on its financial statements for fiscal year 2010.

Subsequent to June 30, 2009, the University issued $31 million in Series 2009B BANS and $105 million in Series 2009C bonds. Series 2009B BANS refinanced Series 2008E BANS. Series 2009C bonds refinanced both variable and fixed rate debt for the purpose of lowering and fixing interest rates. Within this debt issuance was the refinancing of Series 2008B variable rate bonds and the termination of the associated SIFMA swap agreement. The cost to terminate the swap was $1.7 million. This resulted in the outstanding variable rate debt being reduced to a total of $30 million.

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University of Cincinnati

Office of Management and Budget
Circular A-133 Reports for the
Year Ended June 30, 2009

UNIVERSITY OF CINCINNATI

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
the University of Cincinnati:

We have audited the accompanying statements of net assets of the University of Cincinnati (the "University"), a component unit of the State of Ohio, as of June 30, 2009 and 2008 and the related statements of revenues, expenses and changes in net assets and of cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the University of Cincinnati Foundation, a discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of Cincinnati Foundation, is based solely on the report of such other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 also 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 and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, such financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2009 and 2008, and the results of its operations and its cash flows (where applicable) for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the financial statements include investments valued at \$278 million (17% of net assets) and \$416 million (22% of net assets) as of June 30, 2009 and 2008, respectively, whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the general partners.

As discussed in Note 12 to the financial statements, the University has a 49.48% equity interest in the Health Alliance of Greater Cincinnati (the "Alliance") as a participating entity and has included such $351,632,000 equity investment in other long-term investments as of June 30, 2009 in the Statement of Net Assets. In addition, during August 2009, certain other Alliance participating entities delivered notices to the Alliance of their intention to terminate their participation in the Alliance.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the University. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management's Discussion and Analysis on pages 3-15 is not a required part of the basic financial statements but are supplementary information required by Governmental Accounting Standards Board. The 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 the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2009, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 on 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 audits.

Deloitte & Touche LLP

October 14, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following discussion and analysis provide an overview of the financial position and activities of the University of Cincinnati (the "University") for the year ended June 30, 2009, with selected comparative information for the years ended June 30, 2008 and 2007. Comments relate only to the University and do not pertain to the University of Cincinnati Foundation, a component unit of the University. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The University was founded in 1819 and was city owned until becoming a state university in 1977. The University is composed of 13 colleges, including Clermont and Raymond Walters branch campuses plus the Graduate School. The University has been designated by the Ohio Board of Regents as one of only two comprehensive graduate public universities in the state. Enrollment for autumn quarter 2009 totals 38,700 students, an increase of 1,600 students from 2008 and the highest enrollment since 1981. The University employs approximately 2,500 full-time faculty and 3,200 part-time faculty. In total, there are more than 16,000 people employed by the University, making it the largest employer in the Cincinnati region.

The University and its Board of Trustees are declared by statute to be a public body performing essential governmental functions serving public purposes and an instrumentality of the State of Ohio. The Board of Trustees comprises nine members appointed by the Governor of Ohio for overlapping terms of nine years.

The University is affiliated with a number of health care, educational, cultural and governmental institutions. Through such affiliations, the University is able to broaden its curricular offerings.

USING THE FINANCIAL STATEMENTS

The University's financial report includes three financial statements:

- Statement of Net Assets
- Statement of Revenues, Expenses and Changes in Net Assets
- Statement of Cash Flows

These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended by GASB Statements 37 and 38. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements focus on the University as a whole, with resources classified for accounting and reporting purposes into three net asset categories.

The **Statement of Net Assets** reflect the total assets, liabilities, and net assets (equity) of the University as of June 30, 2009, with comparative information as of June 30, 2008. Liabilities due within one year and assets available to pay those liabilities are classified as current. Other assets and liabilities are classified as non-current. Investment assets are carried at fair value. New for fiscal year 2009, capital assets have been split into two lines on the statement: those assets that are depreciated and those that are not depreciated. Items that are not depreciated include land, construction in progress, and collections (art and rare books). Items that are depreciated include land improvements, buildings, equipment and library books. There is although no requirement to fund the accumulated depreciation. Instead, capital assets are largely funded by state capital appropriations, issuance of debt, and by major gifts that support the academic, research and student services missions of the University.

Net assets are grouped in the following categories:

- Invested in capital assets, net of related debt
- Restricted for Nonexpendable (endowment principal, annuity, and life income funds)
- Restricted for Expendable (expendable endowment and gift funds)
- Unrestricted

The **Statement of Revenues, Expenses and Changes in Net Assets** details how net assets have increased (or decreased) during the year ended June 30, 2009, with comparative information for fiscal year 2008. Student tuition and fees net revenue is shown net of scholarship allowances applied directly to student accounts. The Scholarships and Fellowships expense line reflects stipends and other payments made directly to students. Depreciation expense is provided for capital assets. The non-operating revenues (expenses) category includes significant recurring revenue sources such as state appropriations, grants, gifts, and investment income and also includes the increase (decrease) in fair value of investments.

The **Statement of Cash Flows** details how cash has increased (or decreased) during the year ended June 30, 2009, with comparative information of fiscal year 2008. It breaks out the sources and uses of University cash into the following four 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 state appropriations, private gifts, and grants received for capital purposes; proceeds from long-term debt, debt repayments, and interest paid on debt; and purchases of capital assets. Cash flows from investing activities include endowment and investment income, realized gains and losses on investments, and the purchase and sale of investments.

The University of Cincinnati Foundation is a component unit of the University and is included in the accompanying financial statements in a discrete columnar format.

FINANCIAL HIGHLIGHTS

Fiscal responsibility is a core value of the University that is exemplified by the focus to increase revenue, control expenses, and abide by financial policies that have identified operating cash, repayment of existing overdrafted funds, and the utilization of funds requirements.

In addition to the positive impact the financial policies have had on the University's financial performance, there have been notable other factors that have contributed to a successful year even in the face of market conditions which have negatively impacted our endowment fund, see further discussion at Endowment Investments section. Successes include increases in student tuition and fees as a result of increased enrollment, increased revenues related to auxiliary enterprises, increased state appropriations, and effective cost containment initiatives. Notable improvements are evidenced below:

1) Operating revenues continue to increase. In 2009 and 2008 operating revenues totaled $616 million and $599 million, an increase of $17 million and $29 million, respectively.

2) Prudent fiscal management at all levels within the University has allowed the University to control operating expenses. During 2009 and 2008, operating expenses increased minimally by $11 million (1.2%) and $6 million (.7%), respectively.

3) Net non-operating revenue, when excluding any change in the fair value of investments, increased by $20 million in 2009 and $41 million in 2008.

4) Cash, cash equivalents, and investments (excluding endowment investments and other long-term investments) increased by $50 million for 2009 and $28 million for 2008 reflecting a distinct improvement in liquidity.

5) As a result of improved operations, unrestricted net assets increased by $64 million in 2009 and $62 million in 2008. The increase in 2009 is a result of a continued focus on fiscal responsibility including assuring compliance with the operating cash policy and the newly implemented overdrafted funds policy (see further discussion of such policies below).

The operating cash policy approved by the Board of Trustees in November 2006 has significantly increased liquidity. The goal is to attain an average daily cash balance of no less than 25% of annual operating budget expenditures and transfers, and a minimum daily balance of no less than 17% of annual operating budget expenditures and transfers. The cash, cash equivalents, and current portion of investments balance as of June 30, 2009, is $179 million compared to June 30, 2008, of $129 million, an increase of $50 million. This level of cash is above fiscal year 2009's cash policy minimum of $164 million but below the goal of $241 million. Average daily cash balances have continually increased since policy implementation in 2006 and are projected to continue to increase during fiscal year 2010.

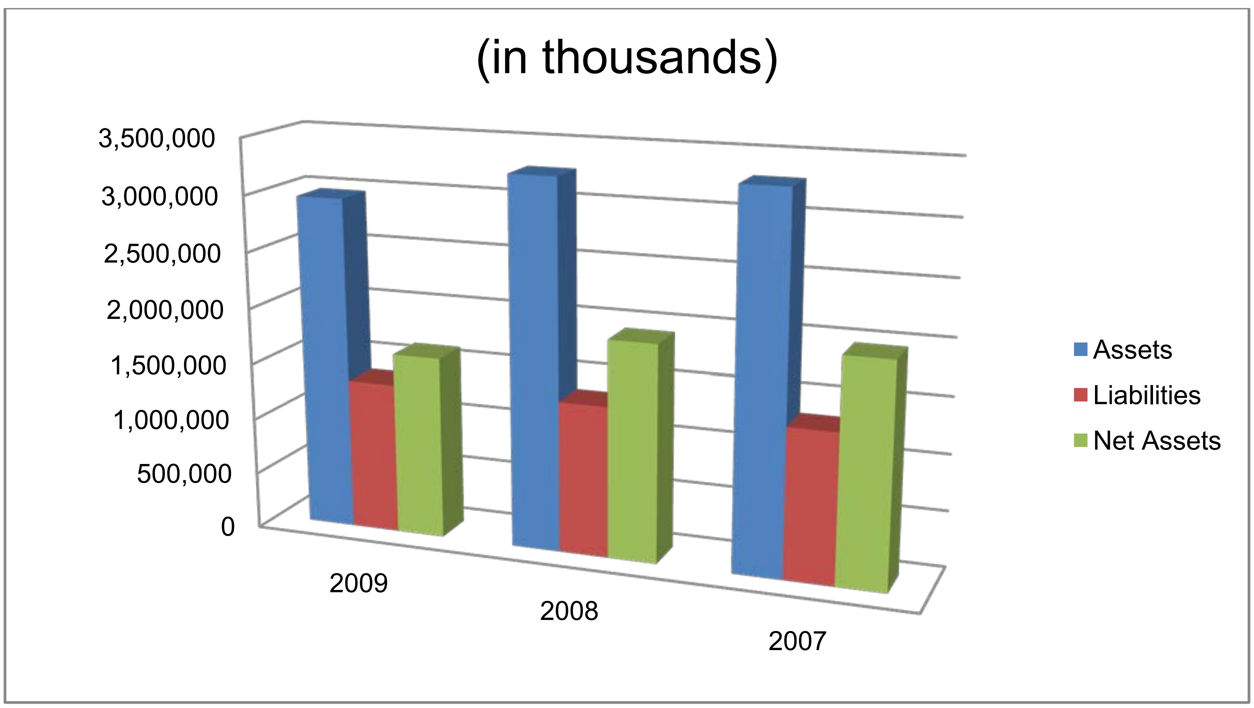
A policy was approved by the Board of Trustees in November 2008 to eliminate all overdrafted fund balances. The policy identified structured measures to restore cash balances including balancing all University accounts. Compliance with the policy is being achieved through various approaches including:

- A proactive budgeting process
- Requiring any new deficit funds be approved in advance by the Vice President for Finance in consultation with the appropriate Sr. Vice President
- Securing payback schedules for funds that are currently in a deficit position
- Reducing scope, deferring or canceling capital projects
- Focusing on receivables management

SUMMARY STATEMENT OF NET ASSETS

(in thousands)	2009	2008	2007
Current assets	$ 259,900	$ 207,565	$ 170,733
Non-current assets:			
Endowment investments	815,226	1,095,327	1,183,723
Investments & Other long-term investments	413,164	444,045	413,667
Capital assets, net of depreciation	1,424,792	1,469,215	1,470,743
Other	51,284	53,856	61,332
Total assets	2,964,366	3,270,008	3,300,198
Current liabilities	308,254	259,593	326,494
Non-current liabilities	1,031,741	1,084,900	1,002,964
Total liabilities	1,339,995	1,344,493	1,329,458
Net assets	$1,624,371	$ 1,925,515	$ 1,970,740

The following graph illustrates the University's assets, liabilities and net assets:



CURRENT ASSETS

Current assets consist primarily of cash and cash equivalents, short-term investments and receivables. Cash and cash equivalents and short-term investment balances include both operating cash and capital debt proceeds. In 2009, the level of cash and short-term investments increased by $50 million, primarily a result of the University's operating cash policy that was originally implemented in fiscal year 2007. Deposits with bond trustees increased by $3 million, which was a result of depositing capital interest related to the issuance of debt. These factors contributed in part to an overall increase of $52 million, or 25%, in total current assets.

NONCURRENT ASSETS

Endowment Investments

According to the 2008 National Association of College and University Business Officers Endowment Study published in January 2009, the value of the University's endowment at June 30, 2008, ranked at number sixty-six out of seven hundred and ninety-six institutions (top 9%) in the United States and Canada. The study is the largest and longest running annual endowment holdings of higher education institutions and their foundations study in the United States and Canada.

In 2009, the economic crisis negatively impacted the University's endowment investments. Endowment investments decreased from $1.1 billion to $833 million, a decrease of $267 million from June 30, 2008, to June 30, 2009. Endowment investments include:

- $815 million in investments (as reflected on the Statement of Net Assets)
- $18 million in cash, accounts receivable, and accrued Neighborhood Development Corporation (NDC) investment income

The University's endowment value decrease of $267 million in 2009 was a result of the following:

- Negative investment returns of $221 million
- Establishment of new endowments of $20 million
- Gifts transferred to quasi-endowments of $11 million
- Distributions to beneficiaries and fees of $77 million

In 2008, negative investment returns, new funding, and distributions were $60 million, $38 million, and $66 million, respectively.

Under its endowment spending policy, the University uses its endowment to support current operations in a way that generates a predictable stream of support, while at the same time maintaining the purchasing power of endowment funds adjusted for inflation. The spending policy provides for annual distributions of 5% (temporarily increased to 6% for 2007 through 2009) of the three-year quarterly moving-average market value of assets in the investment pool. Due to the changes in valuation of these assets over the last three years, actual distributions to beneficiary units were 6.4% and 5.6% of the beginning market value of these assets in 2009 and 2008, respectively.

Investments & Other Long-term Investments

Investments increased by $7 million and $20 million in 2009 and 2008, respectively. This was a result of the restructuring of the June 1, 2008 and June 1, 2009 debt service payments.

Other long-term investments primarily represent the University's equity interest in The Health Alliance of Greater Cincinnati, valued at $352 million and $389 million in 2009 and 2008, respectively. The University and the Health Alliance entered into an operating and affiliation agreement in 2006, under which the Alliance provides support to the University's Academic Health Center. Such support totaled $9 million for both 2009 and 2008 providing a return on asset of 2.6% and 2.4%, respectively. For further discussion of the Health Alliance, please refer to Note 12, Equity Interest in the Health Alliance.

Capital Assets, Net of Depreciation

Since the approval of the University Campus Master Plan (the "Master Plan") in 1991, more than $1.6 billion in capital projects have been completed. Signature, national, and local architects were selected for the design of major capital projects and the work has been the subject of much press and many awards. In-house University staff typically develop the programs for major projects and design the projects costing less than $1 million. Numerous new academic and auxiliary facilities have been built in addition to renovation and rehabilitation of many existing facilities. The University's Master Plan was set into motion in 1989 and has transformed the Uptown Campus into a cohesive community that enhances the student experience by providing improved teaching, research, and quality of student life facilities. The dramatically improved campus has attracted new students and supported enrollment growth. Capital dollars are aligned with University and State of Ohio priorities to advance academic priorities; Science, Technology Engineering, Mathematics, and Medicine (STEMM) initiatives; renovations of existing academic space; highest and best use of existing space; and sustainability of energy and operations.

Development and renewal of capital assets are critical factors in continuing the quality of the University's academic mission, research programs, and student life. Capital asset additions are acquired through state capital appropriations, gifts, debt, federal grants and university funds. Capital additions totaled $54 million in 2009, $90 million in 2008, and $151 million in 2007 and depreciation expense of $93 million, $88 million, and $87 million in 2009, 2008 and 2007, respectively. Capital additions primarily comprise capital projects that were either completed during the fiscal year or are in either the construction or design phase at June 30 of each fiscal year. During 2009, the University completed a significant amount of capital program related to Academic Health Center projects and continued to focus on the renovation of existing facilities.

As mandated in Ohio House Bill 251 and an initiative of The American College and University Presidents' Climate Commitment is a series of projects designed to reduce energy use for the University's facilities. These projects are designed to improve central utility plant efficiencies, improve existing systems' efficiencies and operations, and provide major upgrades to facilities. To date, $18 million of energy saving projects have been approved by the Board of Trustees and will be funded with debt proceeds. The debt will be serviced by a reduction in costs generated through energy savings.

Major capital projects completed during Fiscal Year 2009

- Medical Sciences Building Rehabilitation Phase I and Center for Academic Research Excellence (CARE)/Crawley Building – $191 million state-of-the-art instructional and research space for the College of Medicine.

- Teachers College/Dyer Hall Rehabilitation Phase 2 – $18 million project rehabilitating 60,000 gross square feet of existing space. Major building improvements include reconfiguration of interior spaces with all new interior finishes and furnishings as well as new HVAC, electrical, fire protection, and plumbing systems, new lighting, data wiring, audio-visual systems, and security.

- Clifton Court Garage – $3.7 million project rehabilitating approximately 180,000 square feet of parking area.

- Roof Replacement Projects – $3.5 million was spent during 2009 to replace the existing building roof systems on Langsam Library, Lindner Hall, and DAAP Foundry.

Major capital projects in construction at June 30, 2009

- Kettering Preclinical Science Lab Renovation – $3 million project to provide 9,760 square feet of renovated lab space for environmental research.

- Morgens Residence Hall Life Safety Upgrade – $3.3 million project to improve and install life safety upgrades to the fire suppression (sprinklers), fire/smoke detection, and annunciation systems.

Major capital projects in design

- Medical Sciences Building Rehabilitation, Phases 2-5 – $204 million project that will complete the renovation of the Medical Sciences Building; a 945,000 gross sq. ft. facility. Phases 2-5 include renovation of building systems to achieve compliance with current codes along with a space utilization design that will permit flexibility for reconfiguration of the facility over the life of the building and will extend the building's life another 25 – 30 years.

- Morgens Residence Hall Renovation – $27.7 million half-life renovation project to upgrade building systems including the mechanical and plumbing systems as well as the electrical system for both efficiency and code compliance updates. Other improvements to the roof structure, exterior wall envelope, and interior will also be completed. A total of 138,500 gross sq. ft. will be renovated.

- Rieveschl 500 Level Teaching Lab Renovation Phase 1 & 2 – $15 million project to renovate 18,400 square feet of public areas and Chemistry Teaching Labs on the 500 level. The work shall include selective demolition of interior partitions, asbestos abatement, upgrades to building systems, lab casework, fume hoods and installation of sprinkler system in the renovated area. The energy savings initiative funding associated with this project is $3 million.

LIABILITIES

Debt

Total debt representing bonds, notes, and certificates of participation, was decreased by $0.5 million in 2009 as a result of issuing $202.8 million of debt and by decreasing outstanding debt by $203.3 million. The $202.8 million of debt was issued to fund various capital projects and to refund existing debt. The $203.3 million decrease in debt was due to refunding and the retirement of principal. Debt was increased by $17 million in 2008 due to the issuance of new debt of $275 million and decrease of outstanding debt by $258 million. That new debt was also used to fund capital projects and to refund existing debt. The 2009 refundings were executed to reduce interest rate exposure and to improve the trading quality of the university's variable rate bonds as well as to complete the second phase of the University's liquidity reserve funding plan.

There has not been a failed remarketing on the weekly reset variable rate bonds in 2009.

Subsequent to June 30, 2009, the University issued $31 million in Series 2009B BANS and $105 million in Series 2009C bonds. Series 2009B BANS refinanced Series 2008E BANS. Series 2009C bonds refinanced both variable and fixed rate debt for the purpose of lowering and fixing interest rates. Within this debt issuance was the refinancing of Series 2008B variable rate bonds and the termination of the associated SIFMA swap agreement. The fair value of the swap agreement at termination was negative $1.7 million. The total remaining variable rate debt outstanding at the University is now $30 million. The University will continue to monitor the variable rate market and take appropriate action as necessary.

The University has a swap which became effective May 1, 2009 and is associated with Series 2009B BANS. A debt issue will be pursued in the spring of 2010 when Series 2009A BANS mature; the amortization schedule of the variable rate issue will coincide with the $24,075,000 swap. The intent of these derivative transactions is to protect the University against the potential of rising interest rates. GASB Statement Number 53, *Accounting for Financial Reporting for Derivative Instruments* was issued June 2008. 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. The University will implement the Statement in fiscal year 2010 as required.

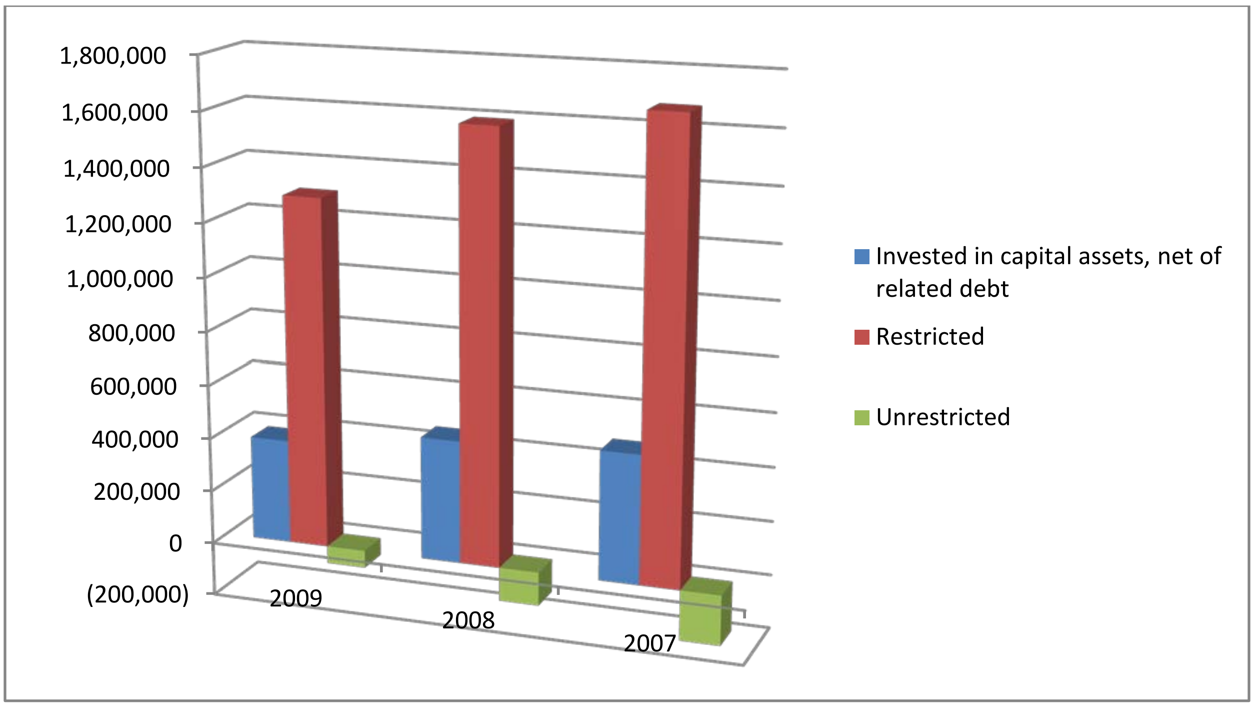
Ratings of University bonds by Standard & Poor's (S&P) were maintained at A+ in 2008 and in 2009. S&P also maintained its rating on the University's certificates of participation at A in 2008 and 2009. The note rating of SP-1+ was maintained through 2008 and 2009; however S&P's outlook was revised from Negative in 2008 to Stable during 2009. Moody's revised the rating for bonds from A1 to A2 in 2008; the A2 rating was maintained in 2009. The rating for certificates of participation was revised from A2 to A3 in 2008; the A3 rating was maintained in 2009. The MIG1 rating for notes was maintained through 2008 and 2009. Moody's revised the outlook for the University from negative to stable during 2008; the stable outlook was maintained during 2009. Series 2009B BANS and Series 2009C Bonds, issued subsequent to June 30, 2009, maintained the same ratings and outlooks as those received during 2009.

The University continues to invest in its expansion of research and educational facilities beyond the level provided by state capital appropriations through the issuance of additional debt. The extensive investment in these facilities was necessary to attract high quality students, faculty, and research funding in an increasingly competitive environment. The University's debt financing activity in the future will focus on Academic Health Center projects, renovations of existing facilities and building systems, and the overall management of the debt portfolio.

NET ASSETS

(in thousands)	2009	2008	2007
Invested in capital assets, net of related debt	$ 387,422	$ 455,967	$ 478,971
Restricted:			
Nonexpendable	971,430	1,202,523	1,265,492
Expendable	326,346	391,590	413,063
Unrestricted	(60,827)	(124,565)	(186,786)
Total net assets	$ 1,624,371	$ 1,925,515	$ 1,970,740

The following graph illustrates the components of the University's net assets (in thousands):



Capital assets, net of depreciation and related debt, represent both the University's non-depreciable and depreciable assets. Non-depreciable assets include land, construction in progress, and collections (art and rare books). Depreciable assets include land improvements, buildings, equipment and infrastructure. The amount included as invested in capital assets is also net of outstanding principal balances of debt attributable to the acquisition, construction and improvement of those assets. During fiscal years 2009 and 2008, investments in capital assets decreased by $69 million and $23 million, respectively. The decrease is a result of depreciation expense of $93 million in 2009 and $88 million in 2008.

Restricted nonexpendable net assets include, as a primary component, the University's permanently invested endowment funds. It also includes the University's equity interest in The Health Alliance of Greater Cincinnati. The $231 million decrease in restricted nonexpendable net assets in 2009 and the $63 million decrease in 2008 reflect the changes in the fair value of investments, net of gifts.

Restricted expendable net assets are subject to externally imposed provisions governing their use. This category of net assets mainly includes restricted quasi-endowments of $207 million in 2009 and $280 million in 2008 that were temporarily invested in the endowment. The decrease in value is a result of the decline in the investment market.

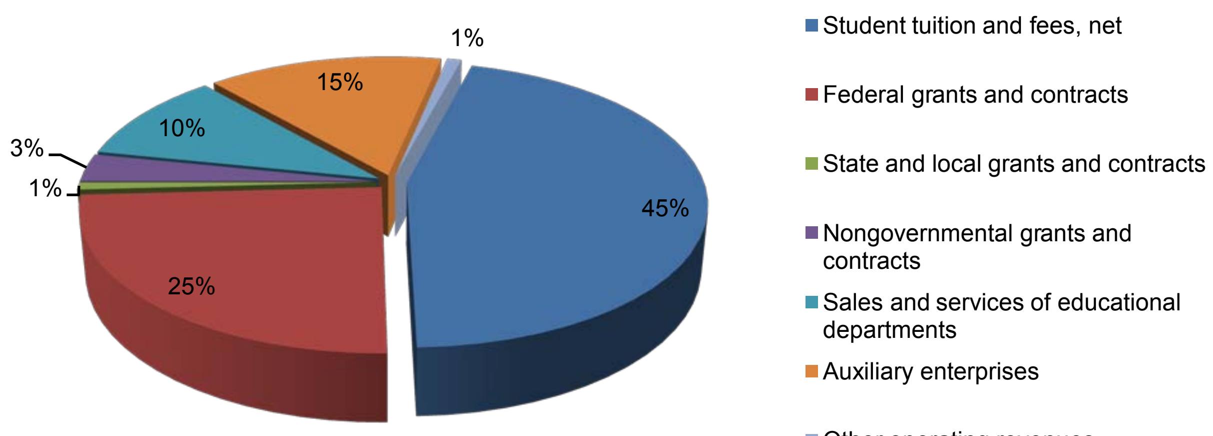
Unrestricted net assets have improved significantly over the past several years. During 2009, the deficit decreased from negative $125 million to negative $61 million, a decrease of $64 million. During 2008, the deficit decreased from negative $187 million to negative $125 million, a decrease of $62 million. The University has been strategically addressing the deficit position through specific measures focusing on reorganizing around principles of greater accountability, disciplined financial activities, and integrated budget planning. Additionally, the University's endowment spending policy distribution was temporarily increased from 5% to 6% for 2007, 2008, and 2009 to address the deficit in unrestricted new assets. The endowment spending policy distribution reverted back to 5% in 2010.

SUMMARY STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

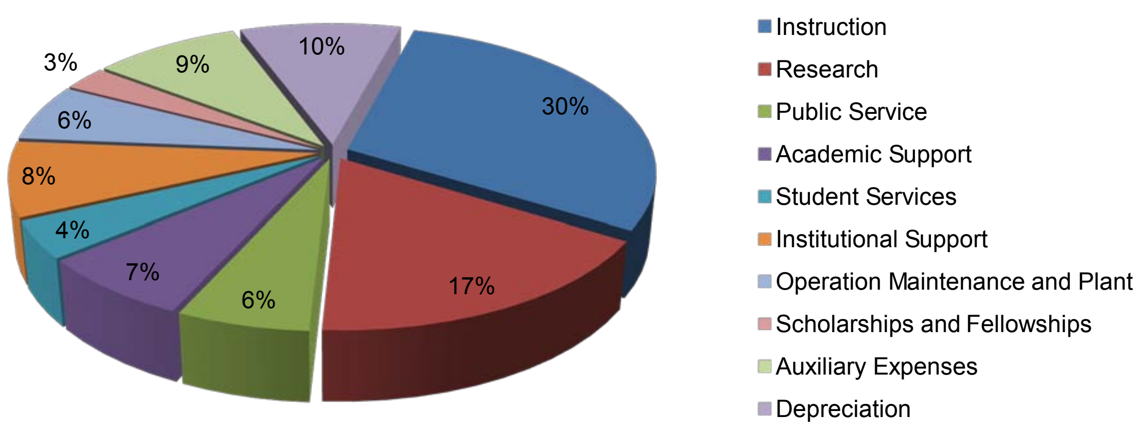
(in thousands)	2009	2008	2007
Operating revenues:			
Student tuition and fees, net	$279,822	$ 272,910	$ 260,605
Grants and contracts	174,574	172,338	167,866
Auxiliary enterprises, net	90,776	82,415	77,039
Other	70,485	70,879	64,296
Total operating revenues	615,657	598,542	569,806
Operating expenses:			
Instruction	281,437	283,503	285,671
Research	161,964	157,843	153,247
Auxiliary enterprises	85,261	78,163	77,509
Depreciation	93,393	87,765	87,360
Other	322,113	325,767	323,113
Total operating expenses	944,168	933,041	926,900
Operating loss	(328,511)	(334,499)	(357,094)
Non-operating revenues (expenses):			
State appropriations	211,836	193,814	185,864
Federal and state grants (non-exchange)	30,064	27,633	24,494
Gifts	46,809	56,310	46,356
Investment income, net	88,280	72,739	60,311
Increase (decrease) in fair value of investments	(329,630)	(96,616)	166,878
Interest on capital asset related debt	(44,783)	(41,264)	(40,245)
Other non-operating expenses	(4,806)	(1,600)	(9,892)
Total non-operating revenues (expenses)	(2,230)	211,016	433,766
Income (loss) before other revenues, expenses or losses	(330,741)	(123,483)	76,672
Capital appropriations	2,917	39,362	8,778
Capital grants and gifts	6,347	1,228	2,675
Additions to permanent endowments	20,333	37,668	16,966
Increase (decrease) in net assets	$(301,144)	$ (45.225)	$ 105,091

The following graphs illustrate the operating revenues and expenses as of June 30, 2009:

Operating Revenues – Fiscal Year 2009



Operating Expenses – Fiscal Year 2009



Statement of Revenues, Expenses and Changes in Net Assets Highlights:
The University's aggressive efforts related to improving operations were responsible for a $17 million increase in operating revenues primarily from student tuition and fees and auxiliary enterprises. Additionally, operating expenses were contained to an increase of $11 million. Non-operating revenue increased by $20 million with the exception of the adjustment for the fair value of investments. The fair value of investments decreased by $330 million during 2009 compared to a decrease of $97 million in 2008. Overall, the University's net assets decreased in 2009 by $301 million which was primarily attributable to the loss on the fair value of investments.

Continuous financial improvements have been achieved and are evidenced by comparing certain 2009, 2008, and 2007 financial results. The result of the analysis below is an improvement in 2009 of $29 million and $55 million in 2008.

(in thousands)	2009	2008	2007
Operating revenues	$615,657	$ 598,542	$569,806
Operating expenses*	(944,168)	(933,041)	(926,900)
State appropriations	211,836	193,814	185,864
Federal and state grants (non-exchange)	30,064	27,633	24,494
Gifts	46,809	56,310	46,356
Investment income, net	88,280	72,739	60,311
Interest on capital asset-related debt	(44,783)	(41,264)	(40,245)
Total	**$3,695**	**$(25,267)**	**$(80,314)**

* includes depreciation expense of $93 million, $88 million and $87 million for fiscal years 2009, 2008, and 2007, respectively.

One of the University's greatest strengths is the diverse stream of revenues that supplements its student tuition and fees including voluntary private support from individuals, foundations and corporations along with government and other sponsored programs; state appropriations and investment income. The University has aggressively sought, and will continue to seek, funding from all possible sources consistent with its mission to supplement student tuition and will prudently manage the financial resources realized from these efforts to fund its operating activities.

Operating

- Operating revenues increased by $17 million in 2009 compared to $29 million in 2008 primarily from increased tuition revenue, grants and contracts, sales and services of educational departments, and auxiliary enterprises.
- Tuition is the primary source of revenue for the University. For 2009, the State legislated a cap in Ohio residential tuition; Ohio graduate and non-Ohio resident tuition was not capped. Tuition and fees for the 2008-2009 academic year ranged from $4,542 to $29,043 for Ohio residents and from $11,394 to $50,646 for out-of-state residents. Given the tuition cap, the increase in tuition revenue was driven mainly by enrollment increases, which ranged from 2% to 3% in 2009 and 2008, respectively.
- Revenue from auxiliary enterprises increased by $8 million in 2009 and $5 million in 2008 attributable to an increase in Athletics revenue.
- Operating expenses in total were contained to an increase of $11 million in 2009 compared to an increase of $6 million in 2008. The increase in 2009 was mainly attributable to an increase in research activity expenditures, auxiliary expenses, and depreciation.

Non-Operating Excluding Other Revenues, Expenses, Gains or Losses

- State appropriations increased by $18 million in 2009 and $8 million in 2008 reflecting an improvement from the recent trend of flat or decreasing state support for higher education. State appropriations now contribute a significantly lower percentage of the overall funding of University operations particularly compared to tuition. Nonetheless, such resources remain a vital source of funding for academic programs and administrative costs.

- Revenues from federal and state grants (non-exchange) provide for the recovery of direct and indirect costs. Such revenues increased by $2 million in 2009 and $3 million in 2008. In a time of heightened competitiveness, especially for federal research funding, the University is maintaining its research base.

- The results of fund-raising efforts have been an important component of financial resources. Expendable gifts to the University totaled $47 million and $56 million in 2009 and 2008, respectively. It will be difficult to sustain the current level of operations without continued increases in donor support, which highlights the importance of the success of the $1 billion gift campaign that spans 2005 – 2013.

- Investment income increased $16 million in 2009 and $12 million in 2008, primarily due to an increase in cash balance.

- The University's fair value of investments decreased by $330 million in 2009 due to volatile financial market conditions, expendable endowment commitments, and fund-raising fees. The University's fair value of investments also decreased in 2008 by $97 million for the same reasons.

Items Impacted by External Factors

There are significant transactions included in the non-operating revenues (expenses) that are influenced significantly by the economy and investment markets. These items include:

- Fluctuations in the market value of investments
- Additions to permanent endowments
- State capital appropriation revenue

The net effect of these significant transactions is shown below.

(in millions)	2009	2008	2007
Change in investment value	$ (330)	$ (97)	$ 167
Additions to permanent endowments	20	38	17
State capital appropriations	3	39	9
Net effect	$ (307)	$ (20)	$ 193

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides additional information about the University's financial results by reporting the major sources and uses of cash. A comparative summary of the statement of cash flows for the years ended June 30 follows:

(in thousands)	2009	2008	2007
Cash received from operations	$ 669,715	$ 602,217	$ 590,333
Cash expended for operations	(886,706)	(832,663)	(838,089)
Net cash used for operating activities	(216,991)	(230,446)	(247,756)
Net cash provided by non-capital financing activities	309,663	312,945	258,226
Net cash used for capital and related financing Activities	(97,445)	(90,565)	(68,223)
Net cash used for investing activities	(12,962)	(6,724)	89,113
Net change in cash and cash equivalents	$ (17,735)	$ (14,790)	$ 31,360

The disparity between cash used in operating activities and cash provided by non-capital financing activities is a result of the required financial reporting classification of state appropriations, federal and state grants (non-exchange), and gifts. Although these funds are used primarily for operating expenses of the University, GASB Statement 35 requires that they be reported as non-operating revenues. Had these resources been reported as operating revenue, the net cash used in operating activities would have been an increase of $92 million in 2009 and an increase of $82 million in 2008.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

During 2006 and prior to the current economic crisis, the University began a renewed mission to ensure financial stability, fiscal responsibility, and improved liquidity. Numerous new policies, including the operating cash and overdrafted funds, were implemented. These policies have had a dramatic effect on improving cash balances and reducing or eliminating fund deficits. While the current state of the economy has been challenging, the University continues to successfully fulfill its academic mission as evidenced by the following:

- Record-breaking enrollment of 38,700 students in autumn 2009
- First-year retention rates increasing from 77% in 2003 to 84% in 2009
- Six-year graduation rates increasing from 48% in 2003 to 55% in 2009
- Research funding increasing from $310 million in 2003 to $353 million in 2008
- U.S. News Ranking improving from 160 in 2003 to 146 in 2009
- ACT scores of entering class increasing from 23.5 in 2003 to 24.8 in 2009
- Number of undergraduate students engaged in internships and co-ops increasing from 3,654 in 2003 to 5,336 in 2008

As mentioned above, great strides in improving liquidity have been achieved as reflected in cash, cash equivalents, and current portion of investments increasing from $101 million in 2007 to $129 million in 2008 and to $179 million in 2009. Additionally, to ensure the continuation of liquidity improvements, an internal annual payback of $10 million was established in fiscal year 2010's budget to reduce certain longstanding fund deficits.

The University is state supported with appropriations accounting for 21% and 20% of the total revenues of the University in 2009 and 2008, respectively. Ohio's trend in funding higher education has been positive over the past four years. The University is grateful that Ohio Governor Ted Strickland, Chancellor Eric Fingerhut and the Ohio legislature view higher education as a priority and a key to growing the state's economy. Fiscal year 2010's state appropriations will remain stable at this time at $211 million.

The University's first budgeting model using Performance Based Budgeting is being adopted in fiscal year 2010 for general funds. It offers incentives for growth in student enrollment and efficiencies targeted to reduce costs. It is anticipated that the model will evolve over time and encompass an all funds model.

Private gifts will continue to be a critically important financial resource and a significant factor in the growth of both academic and research activities. To address the issue, the University through the University Foundation launched a $1 billion gift campaign, the largest campaign in the University's history that spans eight (8) years beginning on July 1, 2005, and will end on June 30, 2013. The campaign is the largest in the 188-year history of UC. Expected campaign priorities are student scholarships, fellowships to encourage advanced scholarship and research, endowed appointments for top-notch faculty, academic program support and campus enhancements. Throughout the campaign, the Foundation expects to have more than 500 volunteers actively engaged. Regional committees will also focus on cultivating relationships with alumni and friends.

Management of the endowment's investments has been challenging given the decline in global financial markets during the past 18 months. The University has stress-tested the endowment portfolio, assuming markets fell substantially below their lowest actual prices, and found that liquidity was sufficient to make payments according to the 5% long term spending policy formula, meet the capital commitments of private markets investments, and maintain a balanced portfolio. Looking to the long term, the University recently completed a planned review of its strategic asset allocation policy. A new policy allocation will be implemented on October 1, 2009 that will improve the ability of the endowment to sustain spending while maintaining its real, inflation-adjusted value.

The University is committed to continuing its strategic vision while continuing to build upon its financial strength. In November 2009, the University will welcome its 27th President, Dr. Gregory Williams. He is a noted scholar with a substantial background in academic leadership.

University of Cincinnati
Statement of Net Assets
As of June 30, 2009 and 2008
(in thousands)

	University		University Related Foundation	
	2009	2008	2009	2008
ASSETS				
Current assets:				
Cash and cash equivalents	$ 57,550	$ 75,285	$ 9,927	$ 14,160
Investments	121,638	53,916		
Accounts and pledges receivable, net	65,693	67,683	21,609	14,744
Inventories	2,040	2,001		
Deposits with bond trustees	7,484	4,920		
Notes receivable, net	2,938	3,266		
Other assets	2,557	494	147	117
Total current assets	259,900	207,565	31,683	29,021
Non-current assets:				
Investments	60,664	53,591		
Accounts and pledges receivable, net	9,636	10,151	40,126	45,736
Deposits with bond trustees	7,034	10,423		
Endowment investments	815,226	1,095,327	13,496	15,651
Notes receivable, net	34,614	33,282		
Other long-term investments	352,500	390,454		
Capital assets not being depreciated	65,959	258,541		
Capital assets being depreciated, net	1,358,833	1,210,674	1,159	1,251
Total noncurrent assets	2,704,466	3,062,443	54,781	62,638
Total assets	2,964,366	3,270,008	86,464	91,659
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	157,203	153,761	8,855	10,634
Deferred revenue	33,738	40,429		
Long-term liabilities - current portion	117,313	65,403		
Total current liabilities	308,254	259,593	8,855	10,634
Non-current liabilities:				
Deposits	4,535	3,228	523	713
Accrued liabilites	28,723	29,779		
Refundable advances for federal loans	25,152	26,276		
Long-term liabilities	973,331	1,025,617		
Total noncurrent liabilities	1,031,741	1,084,900	523	713
Total liabilities	1,339,995	1,344,493	9,378	11,347
NET ASSETS				
Invested in capital assets, net of related debt	387,422	455,967	1,159	1,251
Restricted for:				
Non-expendable	971,430	1,202,523	43,422	47,037
Expendable	326,346	391,590	26,860	30,944
Unrestricted	(60,827)	(124,565)	5,645	1,080
Total net assets	$ 1,624,371	$ 1,925,515	$ 77,086	$ 80,312

See accompanying notes to financial statements

University of Cincinnati
Statement of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2009 and 2008
(in thousands)

	University		University Related Foundation	
REVENUES	2009	2008	2009	2008
Operating revenues:				
Student tuition and fees, net of scholarship allowance of $85,459 for FY09 and $84,322 for FY08; and bad debt expense of $1,347 for FY09 and $1,287 for FY08	$ 279,822	$ 272,910	$	$
Federal grants and contracts	149,606	148,273		
State and local grants and contracts	5,176	6,580		
Nongovernmental grants and contracts	19,792	17,485		
Sales and services of educational departments	64,326	66,041		
Auxiliary enterprises:				
Residential life, net of bad debt expense of $128 for FY09 and $119 for FY08	29,624	30,139		
Athletics, net of bad debt expense of $15 for FY09 and $6 and FY08	24,528	15,380		
Other Auxiliary enterprises	36,624	36,896		
Other operating revenues	6,159	4,838		
Total operating revenues	615,657	598,542	-	-
EXPENSES				
Operating expenses:				
Instruction	281,437	283,503		
Research	161,964	157,843		
Public Service	56,820	57,247		
Academic Support	67,464	63,944		
Student Services	39,131	37,722		
Institutional Support	72,969	79,664	5,974	7,740
Operation Maintenance and Plant	60,118	63,560		
Scholarships and Fellowships	25,611	23,630		
Auxiliary Expenses	85,261	78,163		
Depreciation	93,393	87,765	271	275
Total operating expenses	944,168	933,041	6,245	8,015
Operating loss	(328,511)	(334,499)	(6,245)	(8,015)
NON-OPERATING REVENUES (EXPENSES)				
State appropriations	211,836	193,814		
Federal and state grants (non-exchange)	30,064	27,633		
Gifts, including $31,197 for FY09 and $27,264 for FY08 from the University Foundation	46,809	56,310	33,446	57,425
Investment income, net	88,280	72,739	3,901	4,848
Decrease in fair value of investments	(329,630)	(96,616)	(3,131)	(1,477)
Interest on capital asset-related debt	(44,783)	(41,264)		
Loss on disposal of assets	(1,914)	(1,136)		
Payments to University of Cincinnati	-	-	(31,197)	(27,264)
Other non-operating expenses	(2,892)	(464)		
Net non-operating revenues (expenses)	(2,230)	211,016	3,019	33,532
Income (loss) before other revenues, expenses, gains or losses	(330,741)	(123,483)	(3,226)	25,517
Capital appropriations	2,917	39,362		
Capital grants and gifts	6,347	1,228		
Additions to permanent endowments	20,333	37,668		
Increase (decrease) in net assets	(301,144)	(45,225)	(3,226)	25,517
NET ASSETS				
Net assets - beginning of year	1,925,515	1,970,740	80,312	54,795
Net assets - end of year	$ 1,624,371	$ 1,925,515	$ 77,086	$ 80,312

See accompanying notes to financial statements

University of Cincinnati
Statements of Cash Flows
Years Ended June 30, 2009 and 2008
(in thousands)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 281,887	$ 266,423
Grants and contracts	227,652	170,601
Sales and services of educational departments and auxiliary enterprises	151,357	149,259
Expenditures and other deductions:		
Compensation	(579,312)	(578,915)
Payments for materials, services and other	(303,958)	(244,589)
Loans issued	(3,436)	(9,159)
Loan principal collected	4,317	5,099
Other revenue	4,502	10,835
Cash used for operating activities	(216,991)	(230,446)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	211,836	193,811
Federal and state grants (non-exchange)	30,064	27,633
Gifts for other than capital purposes (including additions to permanent endowments)	66,971	90,698
Interest on loans receivable	792	803
Cash from noncapital financing activities	309,663	312,945
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
State appropriations - capital	1,827	39,433
Private gifts for capital purposes	6,992	2,001
Grants for capital purposes	-	713
Other	(8,629)	(8,352)
Proceeds from capital debt	202,818	275,288
Purchases of capital assets	(49,789)	(90,514)
Principal paid on capital debt	(203,262)	(258,602)
Interest paid on capital debt	(47,402)	(50,532)
Cash used for capital financing activities	(97,445)	(90,565)
CASH FLOWS FROM INVESTING ACTIVITIES		
Endowment income	73,457	57,390
Income from deposits with trustees	10,630	13,653
Realized gains (losses) on investments	-	3,753
Purchase of investments	(460,016)	(353,624)
Sale of investments	357,134	268,219
Investment income	5,833	3,885
Cash used for investing activities	(12,962)	(6,724)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,735)	(14,790)
Cash and cash equivalents - beginning of the year	75,285	90,075
Cash and cash equivalents - end of the year	$ 57,550	$ 75,285

See accompanying notes to financial statements

University of Cincinnati
Statements of Cash Flows - continued
Years Ended June 30, 2009 and 2008
(in thousands)

	2009	2008
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Operating loss	$ (328,511)	$ (334,499)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation expense	93,393	87,765
Loss on disposal of capital assets	1,914	1,136
Changes in assets and liabilities:		
Receivables, net	11,525	(9,904)
Inventories	(39)	(195)
Other assets	(18,031)	16,035
Accounts payable and accrued liabilities	6,406	(3,402)
Deferred revenue	14,961	7,334
Compensated absences	839	(1,244)
Deposits	552	6,528
Net cash used for operating activities	$ (216,991)	$ (230,446)
Non cash transactions:		
Capital asset acquired by incurring note payable	$ 4,071	$ -
Accrued liabilities for property, plant and equipment	3,849	7,549
Gift of real estate held in the endowment fund	2,700	-
Gift of rare books to Law Library	1,218	-

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2009 and 2008

1. Organization and Summary of Significant Accounting Policies

Organization

The University of Cincinnati (the University) was founded in 1819 with the first charter granted by the State of Ohio in 1870. The University, formerly city owned, became a State University on July 1, 1977. As such, it is a component unit of the State of Ohio. Under provisions of the Internal Revenue Code, Section 115, and the applicable income tax regulations of the State of Ohio, the University, as a state institution, is exempt from taxes on income other than unrelated business income. Since the University has no material net unrelated business income during the year ended June 30, 2009, no provision for income taxes has been made.

The accompanying financial statements consist of the accounts of the University and the accounts of the University of Cincinnati Foundation (the Foundation). The Foundation, which is a component unit of the University in accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement 14*, The Financial Reporting Entity*, is described more fully in Note 16. The Foundation is exempt from Federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3).

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB. The University has elected not to apply those Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

Effective July 1, 2008, the University adopted GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.* This Statement establishes criteria that would require a governmental entity to report a liability related to pollution remediation. There was no significant impact on the University's financial statements due to the adoption of Statement No. 49.

In June 2007, GASB issued Statement No. 51, *Accounting and Reporting for Intangible Assets.* This Statement establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies and enhance the comparability of accounting and financial reporting of such assets among state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The University has not yet determined the impact this Statement will have on the financial statements.

Effective July 1, 2008, the University adopted GASB Statement No. 52, *Land and Other Real Estate Held as Investments.* This Statement establishes consistent standards for reporting of land and real estate held as investments. It requires endowments to report land and real estate investments at fair value. There was no significant impact on the University's financial statements due to the adoption of Statement No. 52 (See Note 2 regarding Investments).

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. The University has determined that this Statement will not have a significant impact on the financial statements.

In February 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides for additional fund balance classifications and clarity regarding existing classifications of fund balance for all governments that report governmental funds. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010. The University has determined that this Statement will have no impact on the financial statements.

Effective March 2009, the University adopted GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. There was no impact to the University's financial statements due to the adoption of Statement No. 55.

Effective March 2009, the University adopted GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards.* This Statement incorporates certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards into the GASB authoritative literature. This Statement addresses accounting principles related to related party transactions, going concern considerations and subsequent events not previously addressed in the authoritative literature. There was no impact to the University's financial statements due to the adoption of Statement No. 56.

The University's financial resources are classified for accounting and reporting purposes into the following three 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.

Restricted—Nonexpendable restricted net assets are subject to externally imposed stipulations that they be maintained permanently by the University. Such assets include the University's permanent endowment funds.

Restricted—Expendable restricted net assets are subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

Unrestricted—Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for academic and research programs and initiatives and for capital programs.

Related Party Transaction—During fiscal year 2009 the University received and recorded a gift of real estate valued at $2,700,000 from a member of the Board of Trustees and reported such as additions to permanent endowments in the accompanying 2009 Statement of Revenues, Expenses, and Changes in Net Assets.

Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis. The University reports as a Business Type Activity as defined by GASB Statement No. 35. A Business Type Activity is financed in whole or in part by fees charged to external parties for goods or services.

Investments in marketable securities (other than the University's alternative investments) are carried at fair value as established by the major securities markets (quoted market prices). Investment income is recorded on the accrual basis. Realized and unrealized gains and losses are reported as non-operating revenues (expenses).

The University's financial statements include alternative investments, such as limited partnerships, that are not publicly traded. Certain of these alternative investments are carried at estimated fair value as of March 31, 2009 and 2008, as adjusted by cash receipts, cash disbursements and securities distributions through June 30, 2009 and 2008, at a total estimated fair value of $80 million and $98 million, respectively. In addition, the University also has alternative investments in investment funds that are not themselves publicly traded and thus do not have publicly reported market values, but whose underlying assets consist of publicly traded investments for which fair values are established by the major securities markets. Such alternative investments are carried at fair value of $198 million and $318 million at June 30, 2009 and 2008. The University believes that the total carrying amount of its alternative investments valued at $278 million and $416 million at June 30, 2009 and 2008 is a reasonable estimate of fair value. The University's outstanding commitment to alternative investments is $64 million and $42 million as of June 30, 2009 and 2008, respectively.

The University's investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investments could occur in the near term and that such changes could materially affect the investment amounts reported in the accompanying Statement of Net Assets.

Inventories are held primarily by the Hoxworth Blood Center and the Utilities Service Center. Inventory is stated at the lower of cost or net realizable market value. The moving-average basis for all inventories is used to determine inventory cost.

Capital Assets—Land, land improvements, infrastructure, buildings and equipment are recorded at cost at date of acquisition, or market value at date of donation. The University's capitalization threshold is $100,000 for major capital projects and $5,000 for all other capitalized items. Interest on related borrowing, net of interest earnings on invested proceeds, is capitalized during the period of construction. University and Foundation property and equipment are depreciated using the straight-line method over the estimated useful lives (from five to fifty years) of the respective assets. When plant assets are sold or disposed of, the carrying value of such assets and the associated depreciation are removed from the University's records.

The University does not capitalize works of art or historical treasures that are held for public exhibition, education or research in furtherance of public service. These collections are neither disposed of for financial gain nor encumbered in any way. In addition, the University requires the proceeds from the sale of collection items be used to acquire other collection items. Accordingly, such collections are not recognized or capitalized for financial statement purposes. All other works of art or historical treasures are capitalized at historical or fair value at date of donation.

Gift Pledges—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, including time requirements, have been met. In the absence of such promise, revenue is recognized when the gift is received.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on these amounts are computed using a discount rate commensurate with the risks involved. At June 30, 2009, these discount rates ranged from 4% to 6%. An allowance for uncollectible pledges receivable is provided based on management's judgment of potential uncollectible amounts. The determination includes such factors as prior collection history, type of gift and nature of fund-raising.

Deferred Revenue includes amounts received in advance of an event.

Endowment Spending Policy—For donor restricted endowments, the Uniform Prudent Management of Institutional Funds Act permits the University to distribute an amount of realized and unrealized endowment appreciation as the Board of Trustees determines to be prudent. The University's policy is to accumulate the undistributed realized and unrealized appreciation within the endowment, which is discussed in Note 2.

Student Tuition and Residence Fees are presented net of scholarship and fellowship allowances of $85,459,000 in 2009 and $84,322,000 in 2008 and bad debt provisions of $1,347,000 in 2009 and $1,287,000 in 2008. Payments made directly to students are presented as scholarship and fellowship expenses.

Auxiliary Enterprise Revenues primarily represent revenues generated by bookstores, parking, the conference center, athletics, housing, and dining.

Operating Activities, as reported on the Statement of Revenues, Expenses, and Changes in Net Assets are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the University's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement 35, including state appropriations, gifts and investment income.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Reclassification—Capital assets not being depreciated were separately reported from capital assets being depreciated for fiscal year 2008 on the Statement of Net Assets to be comparable to the fiscal year 2009 presentation of such amounts.

2. Cash and Investments

Summary—The University maintains centralized management for substantially all of its cash and investments. With the exception of insurance reserves, charitable remainder trusts, and other trust funds the terms of which require separate management, the University invests its reserves and relatively short-duration assets in the Temporary Investment Pool, and invests substantially all of the assets of the University endowment in the Endowment Investment Pool.

Distributions are made from the University endowment to the University entities that benefit from those funds. The endowment spending policy provides for an annual distribution of 5% of the twelve-quarter moving-average market value of endowment units. However, during 2007 and continuing into fiscal year 2009, a temporary 6% endowment spending policy is in effect.

Authorizations—The Temporary Investment Pool is invested principally in investment-grade money-market and fixed-income securities. Balances in the Temporary Investment Pool are primarily for operating expenses or for funding capital projects.

The University investment policies are governed and authorized by University rules. The approved asset allocation policy for the endowment investments sets a general target of 70% equities and 30% fixed-income securities within broader ranges set at the discretion of the Investment Committee.

The University has an established set of investment guidelines related to targeted asset allocation and allowable ranges for alternative investments. As commonly defined in the investment industry, the target allocation for the three groups of alternative investments in force at June 30, 2009 are Private Real Estate 3%, Private Equity 2.5% and Hedge Funds 3%. The allowable range for Private Real Estate and Hedge Funds is 0% to 10% and the allowable range for Private Equity is 0% to 15%.

Diversification is a fundamental risk-management strategy for the endowment portfolio. Accordingly, the portfolio includes investments in domestic and non-U.S. stocks, bonds and bond-like loans; real estate; and limited partnerships consisting of venture capital, private equity and real estate.

Off-Balance-Sheet Risk—The University's investment strategy incorporates certain financial instruments which involve, to varying degrees, elements of market risk and credit risk in excess of amounts recorded in the financial statements. Market risk is the potential for changes in the value of financial instruments due to market changes, including interest and foreign exchange rate movements and fluctuations embodied in forward, futures, and commodity or security prices. Market risk is directly impacted by the volatility and liquidity of the markets in which the related underlying assets are traded. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. The University's risk of loss in the event of counterparty default is typically limited to the amounts recognized in the Statement of Net Assets and is not represented by the contract or notional amounts of the instruments.

Cash and Cash Equivalents—The University considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2009, the carrying amount of the University's cash and cash equivalents for all funds is $57,550,000 as compared to bank balances of $68,301,000. The difference between the carrying amount and the bank balances is caused primarily by deposits in transit and outstanding checks.

Of the University's bank balances, $533,000 is covered by federal depository insurance; money market funds account for $60,985,000; $6,671,000 is in public funds collateralized pools; and the balance of $112,000 is uncollateralized. The University does not have a policy for custodial credit risk.

Investments

The fair value of University investments at June 30 is (in thousands):

	2009	2008
U.S. government, agency and treasury securities	$ 19,701	$ 35,696
Corporate notes and bonds	190,499	108,783
Corporate stocks	176,903	244,540
Mutual funds	338,912	491,049
Other securities	79,644	69,755
Real estate	14,426	12,687
Total investments	820,085	962,510
Less current investments	121,638	53,916
Noncurrent investments	$698,447	$908,594

Current investment detail (in thousands):

	2009	2008
U.S. government, agency and treasury securities	$ 919	$ 10,952
Corporate notes and bonds	120,719	42,964
Total current investments	$ 121,638	$ 53,916

Alternate Investments of $278 million are included within mutual funds and other securities in the summary schedule of investments above (please refer to Note 1, Summary of Significant Accounting Policies, regarding valuation of alternative investments).

At June 30, 2009 and 2008, other securities included $87,690,000 and $82,580,000 net of $17,074,000 and $14,781,000 of loan loss reserves, respectively, of loans made to certain nonprofit entities for the purpose of developing residential and commercial facilities on the borders of the campus. Currently, these loans are secured primarily by mortgages on parcels of land purchased by these nonprofit entities. Some of these mortgages are subordinated to external financing arranged by these entities. These loans bear interest at 6%. The University expects repayment once the residential and commercial facilities have streams of rental income. Loan loss reserves are estimated based on aggregate cash flows projections for the projects and independent appraisals of the underlying undeveloped real estate. The loan loss reserves are reflected in non-operating revenues (expenses), as a component of the increase in fair value of investments.

At June 30, 2009 and 2008, the fair (market) value of land and other real estate held as investments was $14,426,000 and $12,687,000 respectively. Independent real estate appraisals are obtained by the University every three years. The most recent appraisals were received in June of 2009.

For the year ending June 30, 2009, the University implemented GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement establishes consistent standards for reporting of land and real estate held as investments by essentially similar entities. It requires endowments to report their land and real estate investments at fair value. Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach.

The University has recorded the investments in the table above in the following categories: $182,302,000 of investments and $637,783,000 of endowment investments. Also, included in endowment investments as reported on the Statement of Net Assets are $177,443,000 invested predominately in equities held in donor-stipulated irrevocable trusts.

GASB Statement 40 requires government entities to categorize investments by interest rate risk, credit risk, and custodial credit risk.

Interest Rate Risk

The University's investments total $820,085,000. The segmented time distribution method is used to portray interest rate risk of $340,964,000 of bond and other fixed income investments. Investments for the years ended June 30, 2009 and 2008 are summarized as follows (in thousands):

		Investment Maturities (In Years) 2009			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
US Treasury Obligations	$ 883	$ -	$ -	$ -	$ 883
US Government Agencies	15,763	-	121	1,436	14,206
US Treasury STRIPS	3,055	860	2,195	-	-
US Treasury Mutual Fund	19,210	-	-	19,210	-
Corporate Bonds and Notes	190,499	121,829	60,725	6,151	1,794
Bond Mutual Funds	38,919	-	206	38,697	16
Local mortgage secured loans	70,616	3,221	1,663	6,863	58,869
Other	2,019	367	1,652	-	-
Total	$ 340,964	$ 126,277	$ 66,562	$ 72,357	$ 75,768

		Investment Maturities (In Years) 2008			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
US Treasury Obligations	$ 5,348	$ -	$ 761	$ 1,728	$ 2,859
US Government Agencies	26,633	10,332	155	2,015	14,131
US Treasury STRIPS	3,715	850	2,865	-	-
US Treasury Mutual Fund	71,870	-	-	71,870	-
Corporate Bonds and Notes	108,783	44,958	5,429	5,598	52,798
Bond Mutual Funds	58,343	-	18,808	39,534	1
Local mortgage secured loans	67,799	3,503	3,788	4,908	55,600
Other	2,386	367	1,836	183	-
Total	$344,877	$60,010	$ 33,642	$125,836	$125,389

Local mortgage secured loans are comprised of demand notes receivable. Amounts reflected as maturities represent management's best estimate of anticipated collections of these receivables.

The University's investment policy stipulates that the weighted average maturity of investments in the Temporary Investment Pool will be no longer than 5 years. The weighted average of fixed income maturities in the Endowment portfolio will not exceed 20 years.

Credit Risk

The Temporary Investment Pool permits investments in securities rated A or higher at the time of purchase. Securities downgraded below an A rating after purchase are permitted to be retained. Endowment investment-grade bonds are limited to those in the first four grades of any rating system. Below-investment grade high yield bond investments and certain unrated investments having strategic value to the University are permitted. In accordance with the University's investment policy, the University's bond and other fixed income investments are rated by nationally recognized rating organizations as follows as of June 30 (in thousands):

Rating	2009	2008
US Treasury Obligations – equivalent of AAA	$20,093	$77,218
AAA	21,830	31,588
AA	57,524	77,527
A	133,383	77,610
BBB	32,492	10,749
M1G1	3,007	-
Not Rated	72,635	70,185
Total	$340,964	$344,877

Custodial Credit Risk

Of the University's $820,085,000 total investments, $790,272,000 are uninsured, not registered in the name of the University, and are held by trust departments or agents in the University's name, and thus are exposed to custodial credit risk. The University does not have a policy for custodial credit risk.

University Investment Pools

Of the University investments, approximately $46,958,000 are separately invested by donor stipulation. The remaining funds are invested in one of three pools. The Temporary Investment Pool represents the investment of substantially all University cash not otherwise invested in the endowment.

The Endowment Investment Pool A is the principal investment pool for the University endowments that may be pooled legally or by donor concurrence. The University employs the share method of accounting for the Endowment Investment Pool A investments and for proportionate distribution of income to each fund that participates in the pool. At June 30, 2009, the Endowment Investment Pool A consisted of 8,007,000 shares. Effective July 1, 2002, substantially all endowments held in trust, by donor stipulation, by the University of Cincinnati Foundation were invested in the University's Endowment Investment Pool A. At June 30, 2009, such endowments own 2,088,000 pool shares with a market value of $158,412,000, equating to approximately 26% of the Endowment Investment Pool A. The Endowment Investment Pool B comprises real estate holdings received by bequest.

The following tabulation summarizes the changes in relationships between cost and fair values of the Endowment Investment Pool A assets for the year *(in thousands)*:

	Net Cost	Fair Value	Net Gains/ (Losses)	Fair Value Gain/(Loss) Per Share
End of year	$737,504	$607,573	$(129,931)	$ 75.88
Beginning of year	784,112	822,281	38,169	105.05
Unrealized net loss for year			(168,100)	
Realized net loss for year			(59,525)	
Total net loss for year			$(227,625)	$ (29.17)

The University has adopted a spending rate policy which limits the distribution of endowment income earned in the investment pool to 5% of the moving-average market value for the twelve-quarter period ending each December. For FY07 through FY09, the spending policy has temporarily been increased to 6%.

Income allocated for spending during 2009 amounted to $6.64 per share of the Endowment Investment Pool A. The average annual earnings per share, exclusive of capital appreciation, amounted to $2.25.

On June 1, 2009 Ohio's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective and replaced the Ohio Uniform Management of Institutional Funds Act. UPMIFA provides new statutory rules for the management and investment of endowment funds owned and controlled by charitable institutions.

3. Accounts, Pledges and Notes Receivable

Accounts, pledges and notes receivable as of June 30, are as follows *(in thousands)*:

	2009	2008
Accounts receivable	$ 57,557	$ 59,449
Pledges receivable	9,231	11,095
Notes receivable	37,552	36,548
Accrued interest receivable	8,541	7,290
Total	112,881	114,382
Less current receivables	68,631	70,949
Non-current receivables	$ 44,250	$ 43,433

Allowances for uncollectible receivables have been provided in the amount of approximately $7,345,000 and $6,665,000 for accounts receivable, $43,000 and $568,000 for pledges receivable, and $6,138,000 and $5,645,000 for notes receivable as of June 30, 2009 and 2008, respectively.

An allowance for uncollectible accrued interest receivable has been provided in the amount of approximately $17,331,000 and $14,084,000 related to loans made to certain nonprofit entities as of June 30, 2009 and 2008, respectively (see note #2).

Pledges have been discounted at a rate of 4% to net present value, which approximates the fair value of the receivables as follows *(in thousands):*

	2009	2008
Less than one year	$ 3,007	$ 4,333
One to five years	3,703	3,726
More than five years	2,564	3,604
Subtotal	9,274	11,663
Less allowance for uncollectible pledges	43	568
Total	$ 9,231	$11,095

Pledges receivable due from one donor approximated 47% and 48% of total pledges receivable, as of June 30, 2009 and 2008, respectively.

4. Capital Assets

Capital assets activity for the years ended June 30, 2009 and 2008 is summarized as follows *(in thousands)*:

	Balance July 1, 2008	Additions	Retirements/ Transfers	Balance June 30, 2009
Land	$ 21,923	$ -	$ -	$ 21,923
Land improvement	86,402	-	7,033	93,435
Buildings	1,610,240	-	189,339	1,799,579
Construction in progress	223,254	29,469	(223,269)	29,454
Infrastructure	100,244	-	15,472	115,716
Building equipment	15,251	-	456	15,707
Moveable equipment	150,948	14,595	(7,926)	157,617
Computer software	35,211	189	148	35,548
Library books	140,347	8,606	(472)	148,481
Collections	13,364	1,218	-	14,582
	2,397,184	54,077	(19,219)	2,432,042
Less: Accumulated depreciation	927,969	93,393	(14,112)	1,007,250
Capital assets, net	$1,469,215	$ (39,316)	$ (5,107)	$1,424,792

	Balance July 1, 2007	Additions	Retirements/ Transfers	Balance June 30, 2008
Land	$ 21,923	$ -	$ -	$ 21,923
Land improvement	81,629	-	4,773	86,402
Buildings	1,596,622	-	13,618	1,610,240
Construction in progress	176,665	71,839	(25,250)	223,254
Infrastructure	96,353	-	3,891	100,244
Building equipment	15,193	-	58	15,251
Moveable equipment	152,999	9,064	(11,115)	150,948
Computer Software	34,940	426	(155)	35,211
Library books	140,741	9,155	(549)	140,347
Collections	13,364	-	-	13,364
	2,321,429	90,484	(14,729)	2,397,184
Less: Accumulated depreciation	850,686	87,765	(10,482)	927,969
Capital assets, net	$1,470,743	$ 2,719	$ (4,247)	$1,469,215

Land, construction in progress and collections, as shown above, represent non-depreciable items. Therefore, there is no accumulated depreciation for those categories.

5. Accounts Payable and Accrued Liabilities

Accounts payable and the current portion of accrued liabilities as of June 30, 2009 and 2008 are as follows *(in thousands):*

	2009	2008
Compensated absences (Current portion)	$ 34,982	$ 33,528
Compensation	36,712	31,694
Accrued liabilities	51,887	53,867
Vendors payable	33,622	34,672
Total	$157,203	$153,761

6. Compensated Absences

University employees earn vacation and sick leave on a monthly basis. Vacation benefits may be accrued up to a maximum of three years' credit, and earned but unused days are payable upon termination. Sick leave may be accrued without limit; however, earned but unused days are payable only upon retirement from the University, subject to 30- or 60-day limits depending upon the date of hire. The liability for the costs of such benefits approximated $63,704,000 and $62,864,000 as of June 30, 2009 and 2008, respectively.

7. Bonds and Notes Payable

Bonds and notes payable at June 30, 2009 comprise the following *(in thousands)*:

Bond Series – Fixed Rate Debt	Issue Date	Maturity Dates Through	Interest Rate	Outstanding Debt 2009	Outstanding Debt 2008
T, X, Y, AA, AG, AH	1998	2014	4.65-5.50%	$ 11,795	$ 11,795
Z, AC	1997	2012	5.05-5.15%	1,135	1,135
AD	1997	2010	5.05%	935	935
AL, AM, AN	1998	2018	4.40-4.75%	3,800	3,800
AL-1, AO	1999	2013	5.05-5.50%	3,265	3,985
AQ, AT, AU, AV, AZ	2000	2015	5.25-5.50%	2,125	2,645
2001A	2001	2031	5.00-5.50%	98,970	106,060
2002A	2002	2022	4.00-4.875%	4,240	4,480
2002D	2002	2022	4.10-5.00%	3,000	3,340
2002F	2003	2024	3.75-5.375%	24,985	26,710
2002G	2003	2031	3.50-5.00%	10,215	11,230
2003C	2003	2026	4.50-5.00%	64,725	69,155
2004A	2004	2031	2.50-5.00%	54,300	56,430
2004D	2004	2026	2.75-5.00%	48,120	49,095
2004E	2005	2021	3.00-5.00%	19,945	21,240
2005A	2005	2020	3.10-5.00%	69,410	69,410
2005D	2006	2019	4.00-5.00%	20,410	20,410
2006A	2006	2031	3.50-5.00%	49,915	52,035
2007A	2007	2031	3.75-5.00%	77,235	78,015
2007G	2008	2034	3.75-5.00%	89,170	89,170
2008C	2008	2031	3.00-5.00%	39,280	39,280
2008G	2009	2020	4.00-5.50%	19,210	0
Total bonds payable – fixed rate debt				$716,185	$720,355
Bond Series – Variable Rate Debt			**Average Interest Rate Since Issuance**		
2004B – Weekly Mode	2004	2009	3.13%	0	99,055
2007B – Weekly Mode	2007	2009	4.20%	0	38,355
2008B – Weekly Mode	2008	2024	3.42%	35,915	35,915
2008F – Weekly Mode	2009	2034	.98%	99,860	0
Total bonds payable – variable rate debt				135,775	173,325
Total bonds payable				$851,960	$893,680

Notes Payable and Other Debt	Issue Date	Maturity Dates Through	Interest Rate	Outstanding Debt 2009	Outstanding Debt 2008
General Receipts Bond Anticipation Notes:					
2008A	January 2008	January 2009	3.25%	0	30,000
2008E	July 2008	July 2009	2.75%	36,055	0
2008H	December 2008	December 2009	2.00%	17,000	0
2009A	May 2009	May 2010	1.50%	23,900	0
Capital Lease Obligations					
University Center	1996	2011	5.00-5.10%	7,205	11,215
Edwards Center	1998	2011	5.50-5.75%	6,610	8,580
Residence Halls	2000	2028	4.70-5.50%	37,280	38,415
University Ctr Refunding	2005	2024	3.50-5.00%	52,815	52,815
Capital Lease-Stetson	July 2006	June 2033	4.25-5.97%	32,460	32,745
Capital Lease-Turner	July 2006	June 2033	4.00-5.25%	9,850	9,955
Loans payable-equipment	2003	2019	3.58-4.69%	7,850	5,068
Total notes payable and other debt				231,025	188,793
Total bonds and notes payable and other debt				1,082,985	1,082,473
Premium net of unamortized costs and loss on refunding				7,659	8,547
Total bonds and notes payable and other debt, net				$1,090,644	$1,091,020

Debt Issuances and Permanent Fundings

General Receipt Bonds-Fixed Rate Debt

During the year ended June 30, 2009, the University issued one general receipt fixed rate bond series, Series 2008G, in the amount of $19,210,000 that bears interest at rates ranging from 4.00% to 5.50% and matures in 2020. This bond series was issued at a premium. The proceeds were used to current refund $18,000,000 of Series 2008A bond anticipation notes (BANS) which provided funding for the Utility Energy Savings Projects, Morgens Residence Hall Upgrades and Scioto Residence Hall Upgrades; and to pay associated bond issue costs and capitalized interest.

General Receipt Bonds-Variable Rate Debt

During the year ended June 30, 2009, the University issued one general receipt variable rate bond series, totaling $99,860,000. Series 2008F was issued November 21, 2008 in a weekly reset mode and matures in 2034. The proceeds were used to current refund $99,055,000 of Series 2004B variable rate bonds on November 21, 2008 and January 1, 2009.

The initial interest rate for the Series 2008F weekly reset mode bonds was 1.10%. The interest rate for the weekly mode bonds resets every week, with interest due the first business day of each calendar month. Interest paid to date has been based on weekly rates that have fluctuated from a low of .44% to a high of 3.50%. The maximum interest rate on the weekly reset mode bonds is 12%. The Series 2008F bonds are secured by a letter of credit issued by Bayerische Landesbank. Series 2008F weekly rate bondholders may tender any of these bonds for repurchase every seven days. Any bonds so tendered will be purchased either by the proceeds of the remarketing of such bonds or, if not successfully remarketed, by a draw on the letter of credit. Accordingly, the University has classified the outstanding principal balance on its weekly reset mode bonds that matures after June 30, 2010 as a long-term liability. As of June 30, 2009, there has not been a failed remarketing for the weekly reset mode variable rate bonds.

The University issued general receipt insured variable rate bonds, Series 2004B in 2004. These bonds were initially issued in two modes: a portion was in the weekly reset mode and a portion was in the auction rate reset mode. Series 2008C fixed rate bonds were issued on February 6, 2008 to current refund the Series 2004B auction rate reset mode bonds, due to deteriorating conditions within the auction rate securities market.

The initial interest rate for the Series 2004B – weekly reset mode bonds was .92%. The interest rate for these weekly mode bonds reset every week, with interest due on the first business day of each calendar month. Series 2008F variable rate bonds were issued on November 21, 2008 to current refund the Series 2004B weekly reset mode bonds, to improve the trading quality of the bonds by replacing the underlying structure of the Series 2004B bonds (insured bonds with a standby bond purchase agreement) with a pure Letter of Credit. Interest paid through January 1, 2009 was based on rates that have fluctuated from a low of .85% to a high of 9.0%. $89,810,000 of bonds was called on November 21, 2008 and the remaining $9,245,000 of bonds was called on January 1, 2009.

The University issued general receipt insured variable rate bonds, Series 2007B in 2007. The initial interest rate for these weekly reset mode bonds was 3.60%, with interest rate being reset every week, and interest due on the first business day of each calendar month. Series 2008E BANS were issued on July 22, 2008 to current refund $36,055,000 of the Series 2007B weekly reset mode bonds; the remaining $2,300,000 was retired with gifts. The purpose of this refunding was to replace the Series 2007B bonds (insured bonds with a standby bond purchase agreement) with a short-term obligation that would reduce interest rate exposure. Interest paid through August 1, 2008 was based on rates that fluctuated from a low of 2.99% to a high of 10.0%.

The University issued general receipt variable rate bonds, Series 2008B in 2008. These bonds were issued in the weekly reset mode. The initial interest rate for these bonds was 1.90%. The interest rate for the weekly mode bonds resets every week, with interest due on the first business day of each calendar month. Interest paid to date has been based on weekly rates that have fluctuated from a low of .44% to a high of 8.0%. The maximum interest rate on the weekly reset mode bonds is 12%. The University has entered into a letter of credit with a liquidity provider for Series 2008B weekly reset mode bonds. Series 2008B weekly rate bondholders may tender any of these bonds for repurchase every seven days. Any bonds so tendered will be purchased either by the proceeds of the remarketing of such bonds or, if not successfully remarketed, by a draw on the letter of credit. Accordingly, the University has classified the outstanding principal balance on its weekly reset mode bonds that matures after June 30, 2010 as a long-term liability. As of June 30, 2009, there has not been a failed remarketing for the weekly reset mode variable rate bonds.

The University has the option to convert the variable rate bonds from one rate mode to another, as well as the option to redeem these bonds in whole or in part. The University's variable rate bonds mature at various dates through 2034. It is the University's intent to repay its variable rate bonds in accordance with the maturities set forth in the bond indentures.

Derivative Transactions

The University entered into an interest rate swap agreement relating to the Series 2008B variable rate bonds in May 2008. The University also has a swap which became effective May 1, 2009. Market conditions in the spring of 2009 prevented the University from issuing a variable rate bond series to coincide with the swap; Series 2009A BANS was issued on May 12, 2009 and is the debt issue associated with that swap. A debt issue will be pursued in the spring of 2010 when the Series 2009A BANS mature; the amortization schedule of the issue will coincide with the $24,075,000 swap. The intention of these derivative transactions is to protect against the potential of rising interest rates. The amounts under the swaps decrease as principal payments are due on the issued bonds, and planned on the future bonds, so that the amount equals the principal amortization for the bonds.

The following table summarizes the University's interest rate swap agreements:

Associated Bond Issue	Outstanding Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Index Received	Fair Value @ 6/30/2009	Swap Termination Date	Counterparty/ Counterparty Credit Rating
2008B Bonds	$30,930,000	4/8/2008	3.508%	USD-SIFMA Municipal Swap Index	($640,000)	6/1/2024	Royal Bank Of Canada/ Aaa, AA-
2009A BANS	$24,075,000	5/1/2009	3.163%	USD- 67% LIBOR-BBA-1M	($1,532,000)	6/1/2030	Royal Bank Of Canada/ Aaa, AA-

Based on the swap agreements, the University pays to the swap counterparty interest calculated at a fixed rate. In return, the swap counterparty pays the University interest based on a specified index. Only the net difference in interest payments is actually exchanged between the parties. The University continues to pay interest on the Series 2008B bonds and 2009A BANS obligations as due.

Basis Risk: The swaps expose the University to basis risk should the interest rate received on the swaps be less than the interest rate paid on the bonds. This mismatch will effectively result in a higher synthetic fixed rate and the expected savings may not be realized. As of June 30, 2009, the University is experiencing basis risk due to the rating downgrade of the Series 2008B bonds letter of credit bank.

Termination Risk: The University or counterparty may terminate the swap if either party fails to perform under the terms of the agreement. Termination provisions may result in the University paying or receiving a termination payment, depending on the value of the swap at that point in time.

Fair Value: As of June 30, 2009, the combined fair value of the two swap agreements was a negative $2,172,000, indicating the amount that the University would be required to pay the Counterparty to terminate the swap agreements. The fair value was estimated using the zero coupon method. This method calculates the future net settlement payments required by the swap agreement, assuming that the forward rates implied by the yield curve as of June 30, 2009 correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap agreement. The fair values of the swap agreements were developed by an independent third party with no vested interest in the swap transaction.

Credit Risk: As of June 30, 2009, the University was not exposed to credit risk of the counterparty on the termination payments because the swaps had negative fair values. At June 30, 2009, the counterparty was rated AA- by Standard & Poor's and Aaa by Moody's Investors Service.

Bond Anticipation Notes

During the year ended June 30, 2009, the University issued the following Bond Anticipation Notes (BANS):

- Series 2008E was issued on July 22, 2008 in the amount of $36,055,000, at an interest rate of 2.75%, to refinance Series 2007B insured variable rate weekly reset bonds. These BANS matured on July 21, 2009 and were refunded with the issuance of Series 2009B BANS on July 21, 2009.
- Series 2008H was issued on December 18, 2008 in the amount of $17,000,000, at an interest rate of 2%, to refinance $12,000,000 of existing BANS (Series 2008A) and to fund $5,000,000 of early project expenditure projects.
- Series 2009A was issued on May 12, 2009 in the amount of $23,900,000, at an interest rate of 1.5%, to current refund $23,380,000 of the 2009 maturities of fixed rate bonds on June 1, 2009.

Loans Payable for Equipment

During the year ended June 30, 2009, the University entered into one equipment lease in the amount of $4,071,143, at an interest rate of 4.02%, for the purchase of pianos for the College-Conservatory of Music. All of the outstanding loans for equipment bear interest at rates between 3.58% and 4.69%.

Capital Leases for Stetson and Turner

The University has two capital lease agreements in connection with the financing of two buildings (One Stetson Square and the Turner Center) which are owned by King Highland Community Urban Redevelopment Corporation and will be occupied, all or in part, by the University. The One Stetson Square lease totaling $32,460,000 bears interest at rates ranging from 4.25% to 5.97% and matures in 2033. The Turner Center lease totaling $9,850,000 bears interest at rates ranging from 4.00% to 5.25% and matures in 2033.

Refundings

General Receipts Bond Anticipation Notes— Series 2008E general receipt bond anticipation notes were issued July 22, 2008 in the amount of $36,055,000, for the purpose of current refunding a portion of the Series 2007B variable rate weekly reset mode bond maturities. $2,300,000 of the Series 2007B variable rate weekly reset mode bonds was retired with gifts and $36,055,000 was called on August 1, 2008 with proceeds from the issuance of Series 2008E. The purpose of this refunding was to replace the Series

2007B Bonds (insured bonds with a standby bond purchase agreement) with a short-term obligation that would reduce interest rate exposure. The resulting loss on refunding was not significant.

Series 2009A general receipt bond anticipation notes were issued May 12, 2009 in the amount of $23,900,000, for the purpose of current refunding $23,380,000 of the following June 1, 2009 fixed rate bond maturities: Series AL1 $240,000, Series AO $480,000, Series AQ $270,000, Series AT $30,000, Series AU $105,000, Series AV $35,000, Series AZ $80,000, Series 2001A $7,090,000, Series 2002A $240,000, Series 2002D $340,000, Series 2002F $1,725,000, Series 2002G $1,015,000, Series 2003C $4,430,000, Series 2004A $2,130,000, Series 2004D $975,000, Series 2004E $1,295,000, Series 2006A $2,120,000 and Series 2007A $780,000. The purpose of the refunding was to complete the second phase of the University's Liquidity Reserve funding plan. Net proceeds of $23,860,431 were used to purchase United States government securities to provide for the June 1, 2009 debt service payment for the above referenced bonds. The resulting gain on refunding was not significant.

General Receipts Bonds— Series 2008F general receipt variable rate weekly reset bonds were issued November 21, 2008 in the amount of $99,860,000, for the purpose of current refunding the Series 2004B variable rate weekly reset mode bond maturities. $89,810,000 of bonds was called on November 21, 2008 and the remaining $9,245,000 of bonds was called on January 1, 2009 with the proceeds of Series 2008F. The purpose of this refunding was to improve the trading quality of the bonds by replacing the underlying structure of the Series 2004B Bonds (insured bonds with a standby bond purchase agreement) with a pure Letter of Credit. The resulting deferred loss on refunding was not significant.

Collateralization and Debt Reserves

The general receipts bonds and general receipts bond anticipation notes are collateralized by a pledge of general receipts of the University. The Capital Lease Obligations and Capital Leases (Stetson and Turner) are secured by base rent payments under the leases. The gross cost of assets under Capital Lease Obligations is $183,013,000. Payment of base rents is subordinate to debt service payments on the University's general receipt bonds and bond anticipation notes. Loans Payable – Equipment is collateralized by specified equipment. At June 30, 2009, the required debt service reserve amounted to $8,679,000. As provided for in the Amended and Restated Trust Agreement, this reserve is solely for the payment of debt service charges on the pre-amended bonds, with the exception that excess amounts may be transferred pursuant to Section 4.03 of the Amended and Restated Trust Agreement.

Debt Service Commitments

For bonds and notes payable at June 30, 2009, scheduled annual debt service payments subsequent to June 30, 2009 are as follows *(in thousands):*

Fiscal Year	Principal	Interest	Total
2010	$106,985	$39,584	$146,569
2011	31,455	36,585	68,040
2012	33,700	35,248	68,948
2013	37,385	33,806	71,191
2014	38,610	32,149	70,759
2015-2019	223,330	132,696	356,026
2020-2024	226,105	79,177	305,282
2025-2029	159,400	33,430	192,830
2030-2034	71,945	5,536	77,481
Total	$928,915	$428,211	$1,357,126

The University has $135.8 million of variable rate bonds; all which interest is reset weekly based on the market with a maximum rate of 12% per year. The interest rate used to determine future interest payments in the debt service repayment table above is the rate in effect at June 30, 2009 as follows: 3.508% for the portion of Series 2008B associated with the swap and 3.15% for the portion of Series 2008B not associated with the swap, and 3.15% for the 2008F variable weekly rate. Series 2008B variable rate bonds were issued in April 2008; interest rates have ranged from .44% to 8.00%. Series 2008F variable rate bonds were issued in November 2008 and since the date of issuance, the variable weekly rate has ranged from .44% to 3.5%.

The University's LIBOR swap which became effective May 1, 2009 is currently attached to Series 2009A BANS ($23,900,000 issued at an interest rate of 1.5%). Principal and associated interest for this BAN series is reflected in the debt service repayment table in FY10; the swap payment associated with the LIBOR swap is not reflected in the table. A variable rate bond issue will be pursued in the spring of 2010; the principal amortization schedule of that variable rate issue will coincide with the $24,075,000 swap and future interest for that series will be reflected at the LIBOR swap rate of 3.163%.

The Governmental Accounting Standards Board (GASB) requires the disclosure of debt service requirements to maturity as depicted above, with the interest on variable rate debt being determined by using the rate in effect at the financial statement date. The University has been exposed to negative market conditions associated with its variable rate debt, as the letter of credit provider on Series 2008B and 2008F bonds had a rating downgrade in fiscal year 2009, resulting in interest rates of 3.15% being paid on these issues at the end of June 2009. The interest on the portion of the Series 2008B variable rate bonds associated with the SIFMA swap is reflected in the debt service repayment table at the swap rate of 3.508%; it does not reflect the additional interest premium being paid on these bonds at June 30, 2009. The University is continually monitoring its debt portfolio and has positioned itself to take steps subsequent to June 30, 2009 as market conditions improve, to decrease interest rate exposure on these issues as presented in Section F of this footnote.

Scheduled principal and interest payments on capital lease obligations and loans payable subsequent to June 30, 2009 are *(in thousands):*

Fiscal Year	Principal	Interest	Total
2010	$9,269	$7,608	$16,877
2011	8,541	7,259	15,800
2012	8,056	6,808	14,864
2013	7,302	6,453	13,755
2014	7,811	6,084	13,895
2015-2019	37,101	24,627	61,728
2020-2024	40,250	15,409	55,659
2025-2029	23,400	6,507	29,907
2030-2034	12,340	1,580	13,920
Total	$154,070	$82,335	$236,405

Defeased Debt

Debt defeased by the University for which amounts remain outstanding at June 30, 2009, is *(in thousands):*

Bond Series	Maturity Dates	Interest Rate(s)	Amount Outstanding
General Receipts Bonds:			
Series AL-1	2014-2019	5.60-5.75%	$2,140
Series AO	2014-2019	5.60-5.75%	4,285
Series AT	2014-2020	5.50-5.75%	325
Series AV	2014-2020	5.50-5.75%	365
Series AZ	2014-2020	5.50-5.75%	850
Series 2001A	2015-2019	5.75%	29,245
Series 2001A	2022-2024	5.25%	24,030
Series 2002F	2016-2020	5.375%	13,010
Total			$74,250

Neither the outstanding indebtedness nor the related trust accounts are reflected in the accompanying financial statements for the fully defeased bonds listed above. United States Treasury obligations in an amount sufficient to pay principal and interest on the defeased obligations, when due, have been deposited with a trustee in accordance with the defeasance of the debt.

Other

Interest expense incurred on indebtedness for the years ended June 30, 2009 and 2008, is $44,783,000 and $41,286,000 respectively. In 2009, interest expense on construction-related debt of $2,620,000, net of $1,191,000 interest earned on invested funds, was capitalized. In 2008, interest expense on construction-related debt of $9,246,000, net of $2,156,000 interest earned on invested funds, was capitalized.

Long-Term Liability

Long-term liabilities as of June 30, 2009 and 2008 are as follows *(in thousands)*:

	Year Ended June 30, 2009					
	Balance July 1, 2008	Additions	Reductions	Balance June 30,2009	Current Portion	Noncurrent Portion
Bonds, notes and capital leases:						
Bonds and notes payable	$923,680	$196,025	$190,790	$928,915	$106,985	$821,930
Loans payable-equipment	5,068	4,071	1,289	7,850	1,504	6,346
Capital lease obligations	153,725	-	7,505	146,220	7,765	138,455
Premium net of unamortized costs and loss on refunding	8,547	2,790	3,678	7,659	1,059	6,600
Total bonds, notes and capital leases	1,091,020	202,886	203,262	1,090,644	117,313	973,331
Other long-term liabilities:						
Compensated absences	62,864	4,343	3,503	63,704	34,982	28,722
Refundable advances, federal loans	26,276	37	1,161	25,152	-	25,152
Other Liability	943	-	462	481	481	-
Deposits held in trust for others	3,228	72,871	71,564	4,535	-	4,535
Total other long-term liabilities	93,311	77,251	76,690	93,872	35,463	58,409
Total	$1,184,331	$280,137	$279,952	$1,184,516	$152,776	$1,031,740

	Year Ended June 30, 2008					
	Balance July 1, 2007	Additions	Reductions	Balance June 30,2008	Current Portion	Noncurrent Portion
Bonds, notes and capital leases:						
Bonds and notes payable	$903,845	$267,643	$247,808	$923,680	$55,760	$867,920
Certificates of participation	90	-	90	-	-	-
Loans payable-equipment	6,439	-	1,371	5,068	1,290	3,778
Capital lease obligations	159,515	-	5,790	153,725	7,505	146,220
Premium net of unamortized costs and loss on refunding	4,444	7,646	3,543	8,547	848	7,699
Total bonds, notes and capital leases	1,074,333	275,289	258,602	1,091,020	65,403	1,025,617
Other long-term liabilities:						
Compensated absences	64,108	1,427	2,671	62,864	33,528	29,336
Refundable advances, federal loans	26,311	18	53	26,276	-	26,276
Other Liability	1,387	-	444	943	500	443
Deposits held in trust for others	10,077	66,911	73,760	3,228	-	3,228
Total other long-term liabilities	101,883	68,356	76,928	93,311	34,028	59,283
Total	$1,176,216	$343,645	$335,530	$1,184,331	$99,431	$1,084,900

8. State Support

The University is a state-assisted institution of higher education and receives from the State of Ohio a state share of instruction that is student-enrollment based. This subsidy is determined annually by the Ohio Board of Regents. The State also provides line-item appropriations that support, in part, the current operations of various activities including clinical teaching expenditures.

In addition to the operating subsidies, the State of Ohio provides funding for and constructs major plant facilities on the University's campuses. The state passes a capital-appropriations bill biannually for both major capital projects and basic renovation projects of which the University receives a share. Such facilities are reported as capital assets on the Statement of Net Assets.

9. Retirement Plans and Other Post Employment Benefits

Retirement benefits are available for substantially all employees under one of several contributory retirement plans. Prior to July 1, 1977, when the University became a state institution, employees were covered by either the City of Cincinnati Retirement System (CRS) or the Teachers' Insurance and Annuity Association — College Retirement Equities Fund (TIAA-CREF). Certified teachers appointed on or after July 1, 1977, are covered by the State Teachers Retirement System (STRS). Non-certified employees appointed on or after that date are covered by the Ohio Public Employees Retirement System (OPERS). Both STRS and OPERS are statewide systems that offer three separate plans: (1) a defined benefit plan, (2) a defined contribution plan, and (3) a combined plan. Each of the three options is discussed in greater detail in the following sections.

Defined Benefit Plans

The OPERS, STRS and CRS plans are cost-sharing, multiple-employer, defined-benefit, public-employee retirement systems. Each provides retirement, disability, and survivor benefits to plan members and beneficiaries. These plans also provide health care benefits to vested retirees. Benefits provided under the plans are established by state statute or the Cincinnati Municipal Code.

All three plans issue separate, publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by contacting each system as follows: Public Employee Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215, Telephone (614) 466-2085; State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215, Telephone (614) 227-4090; and City of Cincinnati Retirement System, 801 Plum Street, Cincinnati, Ohio 45202, Telephone (513) 352-3227.

The Ohio Revised Code and the Cincinnati Municipal Code provide OPERS, STRS, and CRS statutory authority, respectively, over employer and employee contributions. The required, actuarially determined contribution rates for the University and for employees are 14% (5.5% relating to health care benefits) and 10% of covered payroll, respectively, for OPERS; 14% (1% relating to health care benefits) and 10%, respectively, for STRS; and 17% and 7%, respectively, for CRS for the year ended June 30, 2009. The University's contributions, representing 100% of employer contributions for the year ended June 30, 2009, and for each of the two preceding years are as follows (in thousands):

Fiscal Year	OPERS $	STRS $	CRS $
2007	20,318	17,618	506
2008	20,155	15,417	278
2009	20,904	16,733	162

OPERS and STRS provide postretirement and postemployment health care benefits in addition to the retirement benefits described above. OPERS Other Postemployment Benefits (OPEB) is advance funded on an actuarially determined basis. The assumptions and calculation below were based on the system's latest actuarial review performed as of December 31, 2007. The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets not to exceed a 12% corridor. The actuaries' assumptions were as follows: investment return, 6.5%; annual wage increase (compounded annually), 4%; and health care costs, 4%. At December 31, 2007, the actuarial funding value of the Retirement System's net assets available for OPEB was $12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $29.8 billion and $17 billion, respectively. There are 363,503 active contributing participants as of December 31, 2008. Of the $20,904,000 University employer contributions to OPERS for 2009, $8,212,000 was to fund OPEB.

STRS has discretionary authority, pursuant to the Ohio Revised Code, over how much, if any, of the health-care costs will be absorbed by STRS. All benefit recipients are required to pay a portion of the health-care cost in the form of a monthly premium. The balance in the Health Care Stabilization Fund was $3.7 billion at June 30, 2008 (the latest information available). For the year ended June 30, 2008, the net health-care costs paid by STRS were $288,878,000. There were 126,506 eligible benefit recipients.

In addition to the pension benefits described above, the University provides postretirement health-care and dental benefits (under its labor agreement with the American Association of University Professors) to all who are participants of TIAA-CREF when they retire. During 2009, 2008, and 2007, the net cost of these benefits recorded on a pay-as-you-go basis totaled approximately $3,148,000, $3,010,000, and $2,961,000, respectively.

Defined Contribution Plans

On June 23, 1998, pursuant to Ohio House Bill 586, the University created an Ohio Alternative Retirement Plan (ARP), which is designed to aid the University in recruiting and retaining employees by offering a portable retirement option. The ARP is a defined-contribution plan that provides full and immediate vesting of all contributions made on behalf of the participant. Contributions are directed to one of eight investment management companies, which allows the participant to manage the investment of all retirement funds. New employees who qualify for the ARP have 90 days from the date of hire to elect the ARP option. Once this window has passed, the employee will not have the option to elect into the ARP.

At June 30, 2009, there were 2,137 members of the plan. During 2009, 2008, and 2007, the employer contributions were $13,956,000, $13,730,000, and $13,418,000, respectively. The employer contribution rate for participants electing out of OPERS and STRS was 14% for both 2009 and 2008.

Combined Plans

STRS 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.

10. Restricted Net Assets

Restricted net assets are either nonexpendable or expendable. Nonexpendable restricted net assets consist primarily of endowments whose corpus is held in perpetuity. Only the income earned on the invested principal is used for the purpose specified by the donor. The principal of expendable restricted net assets may be used for the donor-specified purpose. Restricted nonexpendable and expendable net assets are held for the following purposes *(in thousands):*

	2009	2008
Restricted nonexpendable:		
Instruction	$ 114,069	$ 150,369
Research	76,759	95,188
Academic support	36,640	50,105
College/programs	236,225	311,358
Scholarships	100,259	130,589
Equity interest in Alliance	351,632	389,446
Other	55,846	75,468
Total	$971,430	$1,202,523

	2009	2008
Restricted expendable:		
Instruction	$ 27,447	$ 31,191
Research	88,684	113,347
Academic support	24,144	30,341
College/programs	114,611	144,456
Scholarships	38,072	44,685
Student loans	9,291	9,284
Grants and contracts	4,018	2,471
Capital projects	17,544	14,794
Other	2,535	1,021
Total	$ 326,346	$ 391,590

11. Unrestricted Net Assets

Unrestricted net assets, as defined by GASB Statement 35, are not subject to externally imposed stipulations; however, they are subject to internal restrictions imposed by action of management or the Board of Trustees, or may otherwise be limited by contractual agreements with outside parties.

12. Equity Interest in Health Alliance

Effective January 1, 1995, the University, acting on its own behalf and on behalf of University Hospital (the Hospital), entered into a Joint Operating Agreement (as subsequently amended, the Agreement) with The Christ Hospital (TCH), St. Luke Hospital, Inc. (SLH), collectively referred to as the Participating Entities, and The Health Alliance of Greater Cincinnati (the Alliance) for the purpose of forming an alliance of hospitals, physicians and other health-care providers in an integrated health-care delivery system. Jewish Health Systems, Inc. (JHS) and Fort Hamilton Hospital Holding Company LLC (FHH) also executed the Agreement and became Participating Entities effective January 1, 1996, and July 1, 1998, respectively. Under the terms of the Agreement, the Hospital, TCH, FHH, JHS and SLH were managed by the Alliance, and their operating results were combined and allocated to the Participating Entities based on their calculated equity interests in the Alliance.

Commencing in 2006 there was litigation between the Alliance and TCH and SLH concerning the ability of TCH and SLH to withdraw from the Alliance and the resulting financial settlements. The litigation with SLH was resolved in December 2008, through a financial settlement and related agreements pursuant to which SLH's status as a Participating Entity was terminated, certain assets and other interests were conveyed to SLH, certain liabilities were assumed and other agreements were reached. The litigation with TCH was resolved in January 2009, through a financial settlement and related agreements pursuant to which TCH's termination of its status as Participating Entity was confirmed, certain funds and assets were conveyed and certain other agreements were reached. Pursuant to such agreement the Alliance agreed to take certain actions in connection with its remaining Series 1997 Bond Indebtedness with a remaining principal amount of $50,879,000. If such actions are not successfully completed, the Alliance must redeem such indebtedness by January 11, 2010. There are a variety of factors, including general conditions of the current credit markets and any potential termination of the participation of JHS and FHH, that may adversely affect the ability of the Alliance to accomplish the repayment or refunding of that indebtedness (see below). The University understands that the Alliance, in light of its available reserves, currently anticipates having sufficient liquid resources to enable the Alliance to redeem such indebtedness as required. If the Alliance is unable to repay or refund that indebtedness, there would be certain risks to the University relating to both the University's interest in the Alliance and the operations of University Hospital as they relate to operational arrangements with the Alliance.

As a result of the withdrawal of TCH and SLH from the Alliance, the University's equity interest in the Alliance effectively increased from 29.12% to 49.5% beginning in fiscal year 2008. This percentage is based on the University's pro rata portion of the remaining Participating Entities' unrestricted net assets. Reflected in the University's June 30, 2008 financial report was an equity interest in the Alliance of $389 million based on available unaudited data from the Alliance. The Alliance's June 30, 2008 audited financial report was issued in spring 2009. The Alliance's 2008 audited data reflected the University's equity interest at $407 million, an increase of $18 million over the amount previously reported by the University in 2008. The Alliance's audited financial report for fiscal year 2009 is complete. During fiscal year 2009, the University's equity interest in the Alliance decreased to $352 million, a decrease of $37 million when compared to the $389 million reflected in the University's June 30, 2008 financial report. The Alliance's loss in fiscal year 2009 is a result of losses on investments, loss on the extinguishment of debt, and a change in retirement plan liability.

Pursuant to the Operating and Affiliation Agreement between the Alliance and the University dated January 25, 2006, the Alliance provides financial support to the University for academic programs that directly or indirectly support patient care at the Hospital or the Alliance. The Alliance also pays the University an annual education and research payment that must be used exclusively for Academic Health Center purposes. The total of these payments for the years ended June 30, 2009 and 2008 were $9,283,000 and $9,084,000 respectively. Additionally, the University provides various shared services, consisting mainly of security and various administrative services to the Alliance for which the University is reimbursed on a cost basis. The total cost of these services for the years ended June 30, 2009 and 2008 were approximately $17,242,000 and $17,195,000 respectively. Currently, the University is unable to determine whether and to what extent, if any, the receipt of such amounts in the future could be materially and adversely affected. The University is evaluating what steps it may take, either with respect to the Alliance and the University's participation in the Alliance or with respect to strategic relationships with other entities, to best serve the continued operations of the Hospital and the College of Medicine.

In August 2009, JHS and FHH delivered notices to the Alliance and the other Participating Entities of their intent to terminate their participation in the Alliance. Discussions among the Participating Entities are ongoing. The right of each of JHS and FHH to terminate participation in the Alliance and the terms of any such termination are the subject of ongoing discussions among the parties. Additionally, representatives of JHS have informed the Alliance that JHS has entered into a memorandum of understanding and subsequent negotiations relating to the potential sale of JHS.

In addition, the Alliance is currently defending a qui tam action, *United States (U.S.) ex rel. Fry v. The Health Alliance of Greater Cincinnati and The Christ Hospital*, a suit initiated under the Federal False Claims Act by Dr. Harry Fry, a former cardiologist at The Christ Hospital. The Government's theory is Medicare and Medicaid claims for cardiac procedures at The Christ Hospital, from 1997-2004, were "tainted" by alleged kickbacks and thus constituted false claims. The Christ Hospital was a Participating Entity of the Alliance during this time period. Previously industry qui tam actions have resulted in a broad range of outcomes and as of June 30, 2009 the possible extent of loss is not reasonably estimable.

13. Capital Project Commitments

At June 30, 2009, the University is committed to future capital expenditures as follows *(in thousands):*

Contractual commitments	$ 8,407
Estimated completion costs of projects	242,010
Total	$250,417

These projects are being funded through various resources, including the State of Ohio, as follows *(in thousands):*

Approved state appropriations requested and released as of June 30, 2009	$ 2,090
Approved state appropriations not yet requested	28,708
University funded prior to June 30, 2009	31,113
Funds to be provided subsequent to June 30, 2009, from various available sources	188,506
Total	$250,417

The $250,417,000 of funding to be provided subsequent to June 30, 2009 will come from state funds, debt, and University funds.

14. Self-Insurance Funds

The University currently provides for medical professional and general liability insurance through a combination of an actuarially funded self-insurance program sponsored by the University and has purchased commercial insurance in excess of the self-insurance amount. The medical professional liability insurance program also includes several qualified not-for-profit departmental (physician) practice corporations. Medical professional self-insurance limits were $4 million per occurrence for 2009. An additional $15 million in commercial excess professional liability insurance was provided above the self-insured retention.

General liability coverage is also provided as part of a group insurance program of Ohio state universities known as the Inter-University Council of Ohio Insurance Consortium (IUC-IC). This program provided for $1 million retention per occurrence with the first $100,000 funded by UC, and the remaining $900,000 funded by pool funds held through the IUC. Excess commercial coverage for general liability was provided with total limits of $50 million, of which $45 million was shared with the other participating universities. In addition, educators' legal liability coverage was provided through the IUC program with $25 million in total limits, of which $20 million was shared among the participating institutions. The IUC-IC self-insurance pools are funded by an agreed formula among the participating universities.

The University's self-insurance program is based on calculations by independent actuaries and funds are deposited directly into two irrevocable self-insurance trust funds, one for medical and professional liability and one for general liability. In the opinion of management, trust assets totaling approximately $30,530,000 are adequate to cover estimated liabilities resulting from known claims and incidents and incurred-but-not-reported incidents as of June 30, 2009.

Property insurance is also provided through the IUC-IC program, consisting of commercial property insurance with a $350,000 retention, and a self-insurance pool to fund losses between $100,000 and $350,000.

The University is also self-insured for a portion of medical, dental, and pharmacy benefits provided to employees beginning in fiscal year 2007 with the addition of self-insured prescription benefits during fiscal year 2008. The cost of such self-insured benefits provided during 2009 and 2008, respectively, was approximately $67,062,000 and $64,706,000. In addition, $4,666,000 and $5,313,000 was accrued for 2009 and 2008, respectively, for estimated claims incurred but not reported.

15. Commitments and Contingencies

The University is currently a defendant in various legal actions. Additional legal action regarding The Alliance of Greater Cincinnati but not involving the University could negatively affect the University's equity interest in the Alliance (see Note 12). Although the final outcome of such actions cannot currently be determined, the University's administration is of the opinion that the eventual liability, if any, will not have a material effect on the financial position or operations of the University.

The University receives grants and contracts from certain federal, state and local agencies to fund research and other activities. The costs, both direct and indirect, that have been charged to the grants or contracts are subject to examination and approval by the granting agency. It is the opinion of management that any disallowance or adjustment of such costs would not have a material effect on the financial statements.

In 2005 the Department of Education conducted a program audit of certain aspects of the University's Student Financial Aid Program. As a result of various findings of the Department of Education, the University has estimated and recorded a liability to the Department of Education approximating $13,900,000.

The University's utility plant is exposed to market price fluctuations on its purchase of natural gas. Purchase commitments have been issued with certain suppliers of natural gas whereby the University has locked into the price of natural gas for specified amounts to stabilize costs.

16. University of Cincinnati Foundation

The University of Cincinnati Foundation is a legally separate, tax-exempt component unit of the University. The principal function of the Foundation is to solicit, reserve, hold, invest and administer funds and to make distributions to or for the benefit of the University. Since these resources held by the Foundation can be used only by or for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

Accounts of the Foundation have been consolidated in the accompanying financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Pledges receivable for the benefit of the University totaling $9,231,000 in 2009 and $11,095,000 in 2008, and funds held in trust by the Foundation for the University of $177,404,000 in 2009 and $224,061,000 in 2008, have been recorded by the University and have, therefore, been eliminated from the amounts reported for the Foundation as of June 30, 2009 and 2008. Of these amounts, $158,411,000 and $202,068,000 have been invested as of June 30, 2009 and 2008, respectively, in the University endowment pool investment pool.

Cash & Cash Equivalents

The carrying amount of the Foundation's cash and cash equivalents is $9,927,000 as compared to bank balances of $10,647,000. The difference between the carrying amounts and the bank balances is caused primarily by deposits in transit and outstanding checks.

Of the Foundation's bank balances, $193,000 is covered by federal depository insurance, $6,153,000 is uninsured and money market funds account for $4,301,000 in cash equivalents.

Investments

The fair value of investments at June 30 is *(in thousands)*:

	2009	2008
U. S. government and treasury securities	$ 68	$ 4,605
Corporate bonds	4,628	4,280
Mutual funds	7,870	5,948
Other securities	930	818
Total investments	$13,496	$15,651

GASB Statement 40 requires government entities to categorize investments of interest rate risk, credit risk, and custodial risk.

Interest Rate Risk

The Foundation's investments total $13,496,000 and $15,651,000 as of June 30, 2009 and 2008 respectively. The segmented time distribution method is used to portray interest rate risk for $9,548,000 and $14,818,000 of bond and other fixed income investments as of June 30, 2009 and 2008, respectively. Investments for the years ended June 30, 2009 and 2008 are summarized as follows (in thousands):

		Investment Maturities (In Years) 2009			
Investment Type	Fair Value	Less than 1	1 – 5	6 – 10	More than 10
U.S. Treasury Obligations	$ 52	$ 10	$ 42	$ -	$ -
U.S. Government Agency Obligations	16	-	16	-	-
Municipal Obligations	38	-	-	-	38
Corporate Bonds	4,628	4,484	139	5	-
Bond Mutual Funds	4,814	-	3,458	146	1,210
Total Investments	$9,548	$ 4,494	$ 3,655	$ 151	$ 1,248

		Investment Maturities (In Years) 2008			
Investment Type	Fair Value	Less than 1	1 – 5	6 – 10	More than 10
U.S. Treasury Obligations	$ 2,023	$ 1,006	$ 446	$ 571	$ -
U.S. Government Agency Obligations	2,582	567	323	709	983
Municipal Obligations	60	-	-	21	39
Corporate Bonds	4,280	1,830	1,569	869	12
Bond Mutual Funds	5,873	-	530	4,448	895
Total Investments	$14,818	$ 3,403	$ 2,868	$ 6,618	$ 1,929

The Foundation does not have a policy for interest rate risk.

Credit Risk

Bond and other fixed income investments are rated by nationally recognized rating organizations as follows, as of June 30 (in thousands):

	2009	2008
U.S. Treasury Obligations	$ 52	$ 2,023
AAA	3,033	6,577
AA/Aa	5,796	2,423
A/A-1	100	2,799
BBB/Baa	407	76
B	-	496
Not Rated	160	424
Total	$9,548	$14,818

Foundation investment grade bonds are limited to those in the first four grades of any rating system. The average rating of the portfolio of investment grade bonds must be in the top two grades of any rating system. Limited investments having strategic value to the University are permitted.

Custodial Credit Risk

Of the Foundation's $13,496,000 total investments, approximately $12,548,000 are uninsured, not registered in the name of the Foundation, and are held in trust departments or assets in the Foundation's name and are thus not exposed to custodial credit risk. The Foundation does not have a policy for custodial credit risk.

Endowment Investments

These funds represent separately invested endowments and split interest trusts where the Foundation is the remainderman.

Pledges Receivable

Contributors to the Foundation have made unconditional pledges totaling $68,887,000 and $75,241,000 as of June 30, 2009 and 2008, respectively. These pledges receivable have been discounted at a rate of 6% to a net present value of $53,973,000 and $54,350,000 as of June 30, 2009 and 2008, respectively, which represents fair market value. As of June 30, these pledges are due as follows *(in thousands):*

	2009	2008
Less than one year	$17,408	$14,350
One to five years	21,710	26,311
More than five years	14,855	13,689
Subtotal	53,973	54,350
Less allowance for uncollectibles pledges	2,417	1,809
Total	$51,556	$52,541

Separate financial information regarding the Foundation may be obtained by contacting the Foundation at University of Cincinnati Foundation, University Hall, Suite 100, 51 Goodman Drive, Cincinnati, Ohio 45221-0064.

17. Subsequent Events

Stratford Heights is a student housing complex opened in the fall of 2005 and consists of 20 buildings with a capacity to house approximately 700 students. This facility is owned by the University Heights Community Urban Redevelopment Corporation (UHCURC). Pursuant to a Master Use Agreement between the University and UHCURC, certain events occurred in fiscal year 2009 that triggered the commencement of a lease agreement which requires the University to lease the property from UHCURC effective September 1, 2009. As a result, Stratford Heights is reported as an auxiliary by the University. As of August 31, 2009, UHCURC's capital assets were approximately $62,800,000 and secured with Hamilton County bonds of approximately $50,300,000. Management is still evaluating the impact of the lease agreement on the financial statements.

As of July 1, 2009, an amended and restated code of regulations of University of Cincinnati Physicians, Inc. (UCP) was adopted. The University is currently evaluating the impact this change may have on its financial statements for fiscal year 2010.

Subsequent to June 30, 2009, the University issued $31 million in Series 2009B BANS and $105 million in Series 2009C bonds. Series 2009B BANS refinanced Series 2008E BANS. Series 2009C bonds refinanced both variable and fixed rate debt for the purpose of lowering and fixing interest rates. Within this debt issuance was the refinancing of Series 2008B variable rate bonds and the termination of the associated SIFMA swap agreement. The cost to terminate the swap was $1.7 million. This resulted in the outstanding variable rate debt being reduced to a total of $30 million.

University of Cincinnati
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Federal Agency	Federal CFDA	Program Title or Sponsor ID	Federal Expenditures
STUDENT FINANCIAL AID CLUSTER			
STUDENT FINANCIAL AID - DIRECT FUNDS			
Department of Education			
Office of Student Financial Assistance	84.007	Federal Supplemental Educational Opportunity	1,844,507.76
Office of Student Financial Assistance	84.033	Federal Work-Study Program	1,645,331.79
Office of Student Financial Assistance	84.063	Federal Pell Grant Program	22,774,929.40
		TOTAL DEPARTMENT OF EDUCATION	**26,264,768.95**
		TOTAL STUDENT FINANCIAL AID - DIRECT FUNDS	**26,264,768.95**
		TOTAL STUDENT FINANCIAL AID CLUSTER	**26,264,768.95**
RESEARCH AND DEVELOPMENT CLUSTER			
RESEARCH AND DEVELOPMENT - DIRECT FUNDS			
Department of Agriculture			
Agricultural Research Service	10.001	Agricultural Research_Basic and Applied Research	137,040.23
Department of Agriculture	10.028	Wildlife Services	1,949.70
Cooperative State Research, Education, and Extension Service	10.206	Grants for Agricultural Research_Competitive	89,197.79
		TOTAL DEPARTMENT OF AGRICULTURE	**228,187.72**
Department of Defense			
Department of Defense	12	Department of Defense	1,128,976.17
Office of Naval Research	12.300	Basic and Applied Scientific Research	1,303,743.18
Department of Defense	12.351	Basic Scientific Research - Combating Weapons of	284,914.18
Department of Army	12.420	Military Medical Research and Development	1,449,634.37
Army Research Office	12.431	Basic Scientific Research	167,104.47
Department of the Air Force	12.800	Air Force Defense Research Sciences Program	242,510.11
National Security Agency	12.901	Mathematical Sciences Grants Program	24,951.38
Defense Advanced Research Projects Agency	12.910	Research and Technology Development	103,221.89
		TOTAL DEPARTMENT OF DEFENSE	**4,705,055.75**
Department of Energy			
Office of Science	81.049	Office of Science Financial Assistance Program	949,048.45
Office of Fossil Energy	81.057	University Coal Research	46,294.45
Office of Energy & Renewable Energy	81.087	Renewable Energy Research and Development	334,460.69
Office of Fossil Energy	81.089	Fossil Energy Research and Development	37,006.72
Office of Nuclear Energy	81.114	University Nuclear Science and Reactor Support	3,348.64
Office of Nuclear Energy	81.121	Nuclear Energy Research Initiative	168,998.02
		TOTAL DEPARTMENT OF ENERGY	**1,539,156.97**
Department of Health and Human Services			
Department of Health and Human Services	93	Department of Health and Human Services	2,436,036.46
Food and Drug Administration	93.103	Food and Drug Administration_Research	91,262.04
Health Resources and Services Administration	93.110	Maternal and Child Health Federal Consolidated	1,075,508.54
National Institute of Environmental Health Sciences	93.113	Biological Response to Environmental Health	9,525,210.95
National Institute of Environmental Health Sciences	93.114	Applied Toxicological Research and Testing	-32.71
National Institute of Environmental Health Sciences	93.115	Biometry and Risk Estimation_Health Risks from	815,174.91
National Institute of Dental Research	93.121	Oral Diseases and Disorders Research	116,258.59
Health Resources and Services Administration	93.124	Nurse Anesthetist Traineeships	13,501.00
National Institute of Environmental Health Sciences	93.142	NIEHS Hazardous Waste Worker Health and	1,701,458.19
National Human Genome Research Institute	93.172	Human Genome Research	369,177.16

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University of Cincinnati
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Federal Agency	Federal CFDA	Program Title or Sponsor ID	Federal Expenditures
National Institute on Deafness and Other Communication	93.173	Research Related to Deafness and	17,393.54
Centers for Disease Control and Prevention	93.197	Childhood Lead Poisoning Prevention	28,489.34
National Center for Complementary and Alternative Medicine	93.213	Research and Training in Complementary and	297,151.40
Agency for Healthcare Research and Quality	93.226	Research on Healthcare Costs, Quality and	130,860.13
National Institute of Mental Health	93.242	Mental Health Research Grants	4,869,376.34
Substance Abuse and Mental Health Services Administration	93.243	Projects of Regional and National Significance	-5,327.23
Health Resources Services Administration	93.247	Advanced Education Nursing Grant Program	334,484.75
National Institute for Occupational Safety and Health	93.262	Occupational Safety and Health Research Grants	2,940,275.72
Centers for Disease Control and Prevention	93.263	Occupational Safety and Health_Training Grants	30,393.24
National Institute on Alcohol Abuse and Alcoholism	93.273	Alcohol Research Programs	874,116.12
National Institute on Drug Abuse	93.278	Drug Abuse National Research Service Awards	-0.19
National Institute on Drug Abuse	93.279	Drug Abuse Research Programs	5,327,905.21
National Institute of Mental Health	93.281	Mental Health Research Career/Scientist	351,643.57
National Institute of Mental Health	93.282	Mental Health National Research Service Awards	40,523.12
National Institutes of Health	93.286	Discovery and Applied Research	1,266,655.99
National Center for Research Resources	93.306	Comparative Medicine	-0.04
Bureau of Health Professions	93.358	Advanced Education Nursing Traineeships	89,928.00
Health Resources and Services Administration	93.365	Sickle Cell Treatment Demonstation Program	391,538.78
National Center for Research Resources	93.389	Research Infrastructure	1,050,629.96
National Cancer Institute	93.393	Cancer Cause and Prevention Research	3,367,179.43
National Cancer Institute	93.394	Cancer Detection and Diagnosis Research	-1,929.87
National Cancer Institute	93.395	Cancer Treatment Research	957,967.59
National Cancer Institute	93.396	Cancer Biology Research	1,610,148.46
National Cancer Institute	93.398	Cancer Research Manpower	766,330.78
National Cancer Institute	93.399	Cancer Control	315,287.93
Administration for Children and Families	93.600	Head Start	570,587.79
National Institute of Health	93.701	Trans-NIH Recovery Act Research Support (ARRA)	6,110.62
Centers For Medicare And Medicaid Services	93.793	Medicaid Transformation Grants	257,814.16
National Heart, Lung, and Blood Institute	93.837	Heart and Vascular Diseases Research	13,269,401.33
National Heart, Lung, and Blood Institute	93.838	Lung Diseases Research	770,442.27
National Heart, Lung, and Blood Institute	93.839	Blood Diseases and Resources Research	83,185.17
National Institute of Arthritis, Musculoskeletal, and Skin Disease	93.846	Arthritis, Musculoskeletal and Skin Diseases	823,940.16
National Institute of Diabetes and Digestive and Kidney Disease	93.847	Diabetes, Endocrinology and Metabolism	6,893,111.16
National Institute of Diabetes and Digestive and Kidney Disease	93.848	Digestive Diseases and Nutrition Research	5,362,666.53
National Institute of Diabetes and Digestive and Kidney Disease	93.849	Kidney Diseases, Urology and Hematology	1,611,423.66
National Institute of Neurological Disorders and Stroke	93.853	Extramural Research Programs in the	13,845,661.57
National Institute of Allergy and Infectious Disease	93.855	Allergy, Immunology and Transplantation Research	7,043,950.05
National Institute of Allergy and Infectious Disease	93.856	Microbiology and Infectious Diseases Research	2,475,242.83
National Institute of General Medical Sciences	93.859	Pharmacology, Physiology, and Biological	2,201,372.21
National Institute of General Medical Sciences	93.862	Genetics and Developmental Biology Research	262,411.20
National Institute of Child Health and Human Development	93.864	Population Research	347,022.40
National Institute of Child Health and Human Development	93.865	Center for Research for Mothers and Children	1,206,342.26
National Institute on Aging	93.866	Aging Research	607,453.78
National Eye Institute	93.867	Vision Research	3,155,370.78
National Library of Medicine	93.879	Medical Library Assistance	317,617.29
Health Resources and Services Administration	93.884	Grants for Residency Training in General Internal	47,419.78
National Institute of Environmental Health Sciences	93.894	Resource and Manpower Development in the	234,182.22
Health Resources and Services Administration	93.925	Scholarships for Health Professions Students from	92,556.00

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Federal Agency	Federal CFDA	Program Title or Sponsor ID	Federal Expenditures
Centers for Disease Control and Prevention	93.946	Cooperative Agreements to Support State-Based	413,338.20
National Institute of Health	93.989	Senior International Fellowships	38,335.68
		TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES	**103,131,536.30**
Department of Housing and Urban Development			
Office of Healthy Homes and Lead Hazard Control	14.900	Lead-Based Paint Hazard Control in Privately-	-19,842.67
Department of Housing and Urban Development	14.902	Lead Technical Studies Grants	620,090.61
Department of Housing and Urban Development	14.906	Healthy Homes Technical Studies Grants	240,028.19
		TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	**840,276.13**
Department of Justice			
National Institute of Justice	16.560	National Institute of Justice Research,	336,012.53
National Institute of Justice	16.562	Criminal Justice Research and	6,838.51
National Institute of Corrections	16.602	Corrections_Research and Evaluation and Policy	86,953.48
		TOTAL DEPARTMENT OF JUSTICE	**429,804.52**
Environmental Protection Agency			
Environmental Protection Agency	66	Environmental Protection Agency	40,399.55
Environmental Protection Agency	66.509	Science to Achieve Results (STAR) Research	221,524.86
Environmental Protection Agency	66.516	National Student Design Competition for	7,232.57
Office of Grants and Debarment	66.607	Training and Fellowships for the Environmental	19,967.68
		TOTAL ENVIRONMENTAL PROTECTION AGENCY	**289,124.66**
Federal Mediation and Conciliation Service			
Federal Mediation and Conciliation Service	34.002	Labor Management Cooperation	-297.22
		TOTAL FEDERAL MEDIATION AND CONCILIATION SERVICE	**-297.22**
National Aeronautics & Space Administration			
National Aeronautics & Space Administration	43	National Aeronautics & Space Administration	630,477.57
		TOTAL NATIONAL AERONAUTICS & SPACE ADMINISTRATION	**630,477.57**
National Foundation on the Arts and the Humanities			
Division of Educational Programs	45.167	Promotion of the Humanities_Extending the	-41,370.69
		TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES	**-41,370.69**
National Science Foundation			
Directorate for Engineering	47.041	Engineering Grants	3,436,730.68
Directorate for Mathematical and Physical Sciences	47.049	Mathematical and Physical Sciences	1,836,184.13
Directorate for Geosciences	47.050	Geosciences	116,269.01
Directorate for Computer and Information and Science	47.070	Computer and Information Science and	219,267.83
Directorate for Biological Sciences	47.074	Biological Sciences	736,032.04
Directorate for Social, Behavioral and Economic Sciences	47.075	Social, Behavioral, and Economic Sciences	618,740.25
Directorate for Education and Human Resources	47.076	Education and Human Resources	1,199,493.89
Office of the Director	47.078	Polar Programs	633,747.66
		TOTAL NATIONAL SCIENCE FOUNDATION	**8,796,465.49**
Nuclear Regulatory Commission			
Nuclear Regulatory Commission	77.006	NRC Nuclear Education Grant Program	253,841.70
		TOTAL NUCLEAR REGULATORY COMMISSION	**253,841.70**
Office of Personnel Management			
Office of Personnel Management	27.011	Intergovernmental Personnel Act (IPA) Mobility	1,771,509.32
		TOTAL OFFICE OF PERSONNEL MANAGEMENT	**1,771,509.32**
		TOTAL RESEARCH AND DEVELOPMENT - DIRECT FUNDS	**122,573,768.22**

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Federal Agency	Federal CFDA	Program Title or Sponsor ID	Federal Expenditures
RESEARCH AND DEVELOPMENT - PASS THROUGH FUNDS			
Department of Agriculture			
Agricultural Research Service	10.001	Egypt 58-3148-7-034	24,004.66
	TOTAL DEPARTMENT OF AGRICULTURE		**24,004.66**
Department of Defense			
Department of Defense	12	ANTEON 0060-42-SC-0001	11,778.74
Department of Defense	12	ANTEON 5408-04-SC-0007	48,805.20
Department of Defense	12	ARMY JXT-06-S-1003	54,122.06
Department of Defense	12	AT&T 0941	1,000.00
Department of Defense	12	Battelle TCN 07023	4,612.01
Department of Defense	12	CHEMAT CNTS/AL203	14,750.86
Department of Defense	12	Enogetek ARO #54778	29,853.21
Department of Defense	12	ERAC #OSP03132	-17,859.81
Department of Defense	12	GD USAF-3446-26SC-0001	29,142.00
Department of Defense	12	GD USAF-5408-25-SC-003	141,545.59
Department of Defense	12	GE PO#200-18-14C4323	14,820.01
Department of Defense	12	GE 200-18-14C43284	47,246.07
Department of Defense	12	GE 200-18-14C43289	17,188.06
Department of Defense	12	GE PO A02-7001	31,950.50
Department of Defense	12	GE sub AF PO#14C432	42,461.45
Department of Defense	12	GEN DYN USAF344626SC0001	24,539.92
Department of Defense	12	GEN DYN USAF344629SC0001	57,606.35
Department of Defense	12	GEN DYN USAF540825SC0007	49,168.22
Department of Defense	12	General Nano-SBIR-AF	33,328.17
Department of Defense	12	HEMERUS PC396220 ARM	187,610.99
Department of Defense	12	HEMERUS SWB-600XL	74,868.96
Department of Defense	12	HONEYWELL FA8007937	45,264.23
Department of Defense	12	HONEYWELL 005067	141,458.75
Department of Defense	12	HONEYWELL A007887	53,505.04
Department of Defense	12	INFOSCITEX PROJ 1251	5,280.13
Department of Defense	12	INFOSCITEX PROJ 1252	5,548.40
Department of Defense	12	IPITECK sub Army W31	28,996.16
Department of Defense	12	JACOBS ARFL0000000441	22,769.42
Department of Defense	12	JACOBS ARFL0000000539	24,564.04
Department of Defense	12	Leonard Wood Ins 00022125-1	28,473.24
Department of Defense	12	NANOLAB INC / ARMY	1,221.01
Department of Defense	12	NANOLAB INC / NAVY	20,832.06
Department of Defense	12	Navigant Biotec CTS-0040	189,025.29
Department of Defense	12	SkySentry SCAN-2	649,316.35
Department of Defense	12	Systran 37678	-188.39
Department of Defense	12	Systran 37759	188,481.61
Department of Defense	12	UCSD 10291745	24,686.78
Department of Defense	12	UDRI RSC04041	-0.02
Department of Defense	12	UDRI RSC06003	-7,975.50
Department of Defense	12	UES INC S762001001	16,452.53
Department of Defense	12	UES INC S-837-000-001	135,160.32
Department of Defense	12	UES INC S843000001	174,940.17
Department of Defense	12	UES/ SBIR NAVY S848000001	26,744.31

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Department of Defense	12	UTC 08-S587-027-01-C1	49,292.41
Department of Defense	12	UTC 04-S508-010-04-C1	0.01
Office of Naval Research	12.300	NC A&T #441232E	47,941.62
Department of Army	12.420	Rutgers AFIRM S1061135	131,907.37
Department of Army	12.420	UR 413881-G PROBE	-0.20
Department of the Air Force	12.800	AVETEC 2005-U-0001	-2,424.55
Department of the Air Force	12.800	H. M. Jackson 169328	187,239.06
Department of the Air Force	12.800	Henry M. Jackson 186324	886,421.57
Department of the Air Force	12.800	Korea Univ sub AF	104,791.28
Department of the Air Force	12.800	Ohio Univ #UT15176	28,417.46
Department of the Air Force	12.800	Psychomtrx FA9550-07-C-0055	35,173.24
		TOTAL DEPARTMENT OF DEFENSE	**4,141,853.76**
Department of Education			
Department of Education	84	HEZEL SUB ODE/USED D3A2	19,841.12
Office of the Assistant Secretary for Educational Research and	84.215	CPS/USED SES 2006-07	-154.48
Office of the Assistant Secretary for Educational Research and	84.215	OSURF RF01123094	2,860.21
Office of the Assistant Secretary for Educational Research and	84.215	USED SES 2005-06	0.03
Assistant Secretary for Innovation and Improvement	84.295	UNIV PENN 35-45800-B	-18,440.68
Assistant Secretary for Innovation and Improvement	84.295	UNIV PENN 5-45800-D	103,137.06
Office of Special Education and Rehabilitative Services	84.323	ODE 062827-6B-SE-07	3.44
Office of Elementary and Secondary Education	84.350	Campbellsville Unive	19,841.46
Office of Elementary and Secondary Education	84.367	MSU PO2415070001285601	15,000.00
Office of Elementary and Secondary Education	84.367	NKU 2007-015-4000276	10,000.00
Office of Elementary and Secondary Education	84.367	NKU PO2 415 0600004739 1	-1,952.50
		TOTAL DEPARTMENT OF EDUCATION	**150,135.66**
Department of Energy			
Department of Energy	81	ARGONNE NATL LAB 6F-00001	23,667.79
Department of Energy	81	ARGONNE NATL LAB 9F-30461	5,894.04
Department of Energy	81	B& Y-12, LLC 4300063529	62,349.93
Department of Energy	81	B&W/DOE 43000069160	75,186.92
Department of Energy	81	HONEYWELL PO#S00001917	-0.02
Department of Energy	81	ORISE/DOE/AFRL/HEP	98,909.81
Department of Energy	81	ORISE/DOE/AFRL/HEP F	35,833.30
Department of Energy	81	SANDIA / DOE #861777	33,333.00
Department of Energy	81	SANDIA/DOE #778452	18,190.53
Department of Energy	81	U CAL SUB# B551019	2,771.32
Department of Energy	81	UT-BATTELLE #4000029190	0.37
Department of Energy	81	UT-BATTELLE 4000049362	-13,351.47
Office of Science	81.049	CPWR/DOE EH06004 1080-17	42,409.97
Office of Fossil Energy	81.057	NM INST MINING DNDC10	32,783.11
Office of Energy Efficiency and Renewable Energy	81.119	Energy Ind 08-USCP-NT41175	76,224.31
		TOTAL DEPARTMENT OF ENERGY	**494,202.91**
Department of Health and Human Services			
Department of Health and Human Services	93	CHMC 103637 M1	11,557.98
Department of Health and Human Services	93	CHMC CORNELL SUB GM0	0.01
Department of Health and Human Services	93	CPWR-NIOSH 200-2002-00433	-7,276.65

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Federal Agency	Federal CFDA	Program Title or Sponsor ID	Federal Expenditures
Department of Health and Human Services	93	ODJFS G-89-06-0338	92,305.92
Department of Health and Human Services	93	SDSU #3T3322	11,385.49
Department of Health and Human Services	93	SPINA BIFIDA ASSOC EMR	32,275.60
Department of Health and Human Services	93	U of Mich. 3000676273	9,969.23
Department of Health and Human Services	93	U TOLEDO NS 2008-029	1,524.20
Department of Health and Human Services	93	UKRF 3046851500-05-262	29,906.36
Department of Health and Human Services	93	UNC-CH 5-38111	43,247.49
Office of The Secretary	93.007	WFUHS N01-WH-4-4221	-0.02
Food and Drug Administration	93.103	JHU2000009696/2000010153	15,212.81
Health Resources and Services Administration	93.107	MODEL STATE F2007-7	-0.03
Health Resources and Services Administration	93.107	MODEL STATE F2008-19	31,424.81
Health Resources and Services Administration	93.107	MODEL STATE N2009-28	47,054.24
Health Resources and Services Administration	93.110	HFM SUB 6H30MC0015-1	11,271.14
National Institute of Environmental Health Sciences	93.113	CCHMC CHMC 104178	-0.04
National Institute of Environmental Health Sciences	93.113	CCHMC CHMC 104178 M1	9,711.19
National Institute of Environmental Health Sciences	93.113	CHRF#103637	0.84
National Institute of Environmental Health Sciences	93.113	CU 5-75742	28,614.26
National Institute of Environmental Health Sciences	93.113	CU SUBAWARD NO. 1	337,171.08
National Institute of Environmental Health Sciences	93.113	DARTMOUTH SUB ES013827	-234.33
National Institute of Environmental Health Sciences	93.113	ILL U 2007-04409	120,942.17
National Institute of Environmental Health Sciences	93.113	U IL 493079 E 5613	121,750.42
National Institute of Environmental Health Sciences	93.113	UAB SUBAWARD NO 0004	25,280.59
National Institute of Environmental Health Sciences	93.115	CHMC Sub T32 ES07051	10,386.00
National Institute of Environmental Health Sciences	93.115	CHMC11261	-4.26
National Institute of Environmental Health Sciences	93.115	CHRF11251	29.12
National Institute of Environmental Health Sciences	93.115	CHS 414470020101-UC01	7,705.59
National Institute of Environmental Health Sciences	93.115	GCOH12093	-16,454.26
National Institute of Environmental Health Sciences	93.115	Pittsburgh 0006165/114340-3	14,376.28
Health Resources and Services Administration	93.134	LIFELINE 003080	129,377.42
National Institute of Environmental Health Sciences	93.142	ICWU HDPTP	3,993.66
National Institute of Environmental Health Sciences	93.142	ICWU HWWT	10,484.43
National Institute of Environmental Health Sciences	93.142	ICWU SUB ES09758-16	647.70
National Institute of Environmental Health Sciences	93.142	ICWU SUB ES09758-17	4,006.12
National Institute of Environmental Health Sciences	93.142	ICWUC HWWT	49,383.46
Health Resources and Services Administration	93.145	U PITT 0002332	247,583.53
Health Resources and Services Administration	93.145	U PITT 9001984	4,507.50
Health Resources and Services Administration	93.145	U PITT 9002967	25,115.29
Health Resources and Services Administration	93.145	U PITT SUB-AETC 0002332	-859.99
Centers for Disease Control and Prevention	93.161	U of M 3000679184 TS000012-01	65,459.42
National Institute on Deafness and Other Communication	93.173	CW RES502255	41,405.65
National Institute on Deafness and Other Communication	93.173	OSMIC SUB DC006369-2	30,335.09
Centers for Disease Control and Prevention	93.185	CHMC 20052633	355.49
Agency for Healthcare Research and Quality	93.226	CHRF CHMC 104091	53,407.32
National Institute of Health	93.233	CHMC 103047	26,885.02
National Institute of Mental Health	93.242	CHRF CHMC 103/103594-1	0.04
National Institute of Mental Health	93.242	CHRF CHMC 103594-M2	53,796.61
National Institute of Mental Health	93.242	TUL/SUB-576-08/09, 2	817.15
National Institute of Mental Health	93.242	UCO SUB MH62456-1 TO 5	-4,234.22

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Federal Agency	Federal CFDA	Program Title or Sponsor ID	Federal Expenditures
National Institute of Mental Health	93.242	UNC/SUB MH090001	8,524.46
Substance Abuse and Mental Health Services Administration	93.243	CCJC F.Y. 2007 3614	2,551.63
Substance Abuse and Mental Health Services Administration	93.243	CCJC SUB-5 H79 T1017560	26,644.53
Substance Abuse and Mental Health Services Administration	93.243	ODADAS WP05BB	133.38
Substance Abuse and Mental Health Services Administration	93.243	ODMH TSG3-09-034-08-001	19,761.97
Substance Abuse and Mental Health Services Administration	93.243	TALBERT HOUSE SAMHSA	6,105.00
National Institute for Occupational Safety and Health	93.262	MSU SUB 1 R01 OH0749	-4,358.12
National Institute for Occupational Safety and Health	93.262	UL 539D76023	28,440.23
National Institute on Drug Abuse	93.279	BREF/NIDA-CSP-1022	334,251.75
National Institute on Drug Abuse	93.279	CHRF CHMC 520/102767	11,549.88
National Institute on Drug Abuse	93.279	KCL DA-4376	32,526.67
National Institute on Drug Abuse	93.279	UOR 414160-G	14,017.12
National Institute on Drug Abuse	93.279	UOR UR 19332	10,486.91
National Institute on Drug Abuse	93.279	UOR UR 414154-G	1,406.34
National Institute on Drug Abuse	93.279	UOR UR 414155-G	28,166.19
National Institute on Drug Abuse	93.279	UOR UR 414427-G	46,949.34
Centers for Disease Control and Prevention	93.283	AAMC MM-0971-07/07	76,115.31
Centers for Disease Control and Prevention	93.283	HFM SUB U01 DD000293	8,722.66
Centers for Disease Control and Prevention	93.283	HFM SUB U01 DD00293	9,924.72
Centers for Disease Control and Prevention	93.283	HFM U27/CCU513182-10	-220.21
Centers for Disease Control and Prevention	93.283	NCHH 07-1064	22,033.93
Centers for Disease Control and Prevention	93.283	NCHH 07-1064 Subcont	35,215.92
Centers for Disease Control and Prevention	93.283	NCHH SUB CDC U59 CCU323294	-728.34
Centers for Disease Control and Prevention	93.283	ODH 3140012AE06/CDC	74.17
Centers for Disease Control and Prevention	93.283	ODH 3140012AE08	268,315.28
Centers for Disease Control and Prevention	93.283	ODH 3140012AE7	71,495.74
National Institutes of Health	93.286	Cardio Sub-EB001579	20,511.69
National Institutes of Health	93.286	U Mich F013583	62,897.49
National Institutes of Health	93.286	U Mich/ 2 EB004527-05	316.80
National Center for Research Resources	93.333	CHMC 102730	18,543.60
National Center for Research Resources	93.333	MIAMI UNIV 470423	12,543.58
National Institute of Nursing	93.361	U PENN 548282	16,378.32
National Center for Research Resources	93.389	CCHMC SUB 5U54RR0194	3,310.78
National Center for Research Resources	93.389	CHMC 317	37,011.17
National Center for Research Resources	93.389	NHGRI PO#263-MJ-612122	9,850.20
National Cancer Institute	93.393	CHMC 456 101656	-0.70
National Cancer Institute	93.393	CREAL RAD/08/10	35,040.98
National Cancer Institute	93.393	IARC RAD/08/10	24,511.08
National Cancer Institute	93.393	U PITT 00030848 112769-1	11,842.85
National Cancer Institute	93.393	WU-03-36 PO NO. 29783T	-977.25
National Cancer Institute	93.393	WU-06-62 PO 29734E	170,034.55
National Cancer Institute	93.393	YESHIVA UNIV 5 R01 CA77290-07	98.76
National Cancer Institute	93.394	ACRIN 6666 SUB CA080	136.00
National Cancer Institute	93.394	ARDENT/1 R43 CA12428	63,566.15
National Cancer Institute	93.394	ARDENT/1R43CA124283	8,680.06
National Cancer Institute	93.394	BAYLOR SUB 5 R01 CA7	-1,621.06
National Cancer Institute	93.395	CHMC SUB R21 CA10348	232.23
National Cancer Institute	93.395	DUKE UNIV GCID SITE CDE103	2,368.00

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National Cancer Institute	93.395	GOG #27469-33	26,174.80
National Cancer Institute	93.395	JWAYNE MSLT-II TRIAL	7,437.00
National Cancer Institute	93.395	MetaMol Theranostics	14,204.93
National Cancer Institute	93.395	NCCF SUB NO 15500	1,152.04
National Cancer Institute	93.395	NCCF SUB NO 16627	37.58
National Cancer Institute	93.395	NSAPB TFED 187	16,627.60
National Cancer Institute	93.395	RTOG SUB NIH CA21661	55,217.25
National Cancer Institute	93.396	BIDMC SUB CA084292 PANDO	205,124.43
National Cancer Institute	93.396	UMDNJ SUB CA113863-0	0.02
National Cancer Institute	93.399	BCCA DRG00317	2,224.29
National Cancer Institute	93.399	NSABP STAR PFED22A-CIN 01	59,845.53
National Cancer Institute	93.399	NSAPB TIND 187	3,118.55
National Cancer Institute	93.399	U S FLA 0000140751	1,697.52
National Cancer Institute	93.399	UTHSCSA SB CA37429SE	5,842.10
Administration for Children and Families	93.558	OBR #A-67-17-1444	9,687.36
Administration for Children and Families	93.558	ODRC DRCF0028	95,883.34
Administration for Children and Families	93.558	ODRC Reentry	141,648.16
Administration for Children and Families	93.558	OHIO DEPT OF REHAB Sub TANF	40.83
Administration for Children and Families	93.575	HCJFS 101047	11,129.45
Services Administration For Children And Families	93.586	UTEN 700044 / UT70044	32,716.37
Services Administration For Children And Families	93.586	UTEN 700045 / UT70045	33,297.56
Administration for Children and Families	93.600	CHCCAA HEAD START	576,669.31
Administration for Children and Families	93.600	CHCCAA sub HHS/HEAD	110,162.14
Administration for Children and Families	93.600	HCJFS #97824	-361.51
Administration for Children and Families	93.600	HCJFS 113263	140,161.74
Centers For Medicare And Medicaid Services	93.778	OSURF RF01148238	319.80
Centers For Medicare And Medicaid Services	93.779	OBR A-89-07-0357	350,336.05
Centers For Medicare And Medicaid Services	93.779	OBR/ODJFS A-67-07-0349	0.03
National Institute of General Medical Sciences	93.821	NCSU 2001-1792-01	-0.28
National Heart, Lung, and Blood Institute	93.837	CHRF CHMC 105059	120,348.20
National Heart, Lung, and Blood Institute	93.837	DUKE HFACTION 218	19,686.49
National Heart, Lung, and Blood Institute	93.837	OSURF N01-HR-76189	21,181.03
National Heart, Lung, and Blood Institute	93.837	U IL CHICAGO 2005-02663-01-03	50,775.91
National Heart, Lung, and Blood Institute	93.837	UNIV IOWA 1000656750	374,353.14
National Heart, Lung, and Blood Institute	93.837	UNIV IOWA 1000682310	19,757.53
National Heart, Lung, and Blood Institute	93.837	UTHC 05533A	-7,573.27
National Heart, Lung, and Blood Institute	93.837	UTHC 0006419A	85,618.97
National Heart, Lung, and Blood Institute	93.837	UTHC sub R01HL74002	23,036.86
National Heart, Lung, and Blood Institute	93.837	UTHS 0006871A	17.37
National Heart, Lung, and Blood Institute	93.837	VUMC 33500-R	89,693.29
National Heart, Lung, and Blood Institute	93.837	VUMC33500-R	25,418.56
National Heart, Lung, and Blood Institute	93.838	CHMC 349	195.26
National Heart, Lung, and Blood Institute	93.838	UCSF 4914SC	59,302.86
National Heart, Lung, and Blood Institute	93.838	UNIV. PITTS 0005366	35,363.47
National Heart, Lung, and Blood Institute	93.839	CHMC 105250	64,875.20
National Heart, Lung, and Blood Institute	93.839	CHMC 105250 M1	10,197.28
National Heart, Lung, and Blood Institute	93.839	CHMC 105251	32,924.18
National Heart, Lung, and Blood Institute	93.839	CHMC 105251 M1	4,775.49

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National Heart, Lung, and Blood Institute	93.839	CHRF CHMC173M5	0.04
National Institute of Arthritis, Musculoskeletal, and Skin Disease	93.846	CARDIO-19332	116,222.42
National Institute of Arthritis, Musculoskeletal, and Skin Disease	93.846	CHMC 100139-M1	12,267.64
National Institute of Arthritis, Musculoskeletal, and Skin Disease	93.846	CHMC 101552	9,599.84
National Institute of Arthritis, Musculoskeletal, and Skin Disease	93.846	CHMC 103858	1,049.30
National Institute of Arthritis, Musculoskeletal, and Skin Disease	93.846	CHMC 105512	16,973.19
National Institute of Arthritis, Musculoskeletal, and Skin Disease	93.846	CHMC 105515	16,973.19
National Institute of Arthritis, Musculoskeletal, and Skin Disease	93.846	CHMC 397 M2/ CCHM100243	-38.83
National Institute of Arthritis, Musculoskeletal, and Skin Disease	93.846	CHMC 482-M3	8,844.16
National Institute of Arthritis, Musculoskeletal, and Skin Disease	93.846	CHRF CHMC 101547	14,613.09
National Institute of Diabetes and Digestive and Kidney Disease	93.847	CHMC 482-M2/103518	1,812.84
National Institute of Diabetes and Digestive and Kidney Disease	93.847	CHMC 482-M3	31,237.92
National Institute of Diabetes and Digestive and Kidney Disease	93.847	CWRU SUB N01-HC-9518	429,208.35
National Institute of Diabetes and Digestive and Kidney Disease	93.847	ENTRA/SUB DK069780-01	-17,617.08
National Institute of Diabetes and Digestive and Kidney Disease	93.847	MCG 20497-14	17,713.28
National Institute of Diabetes and Digestive and Kidney Disease	93.847	MCG 20497-20	16,879.89
National Institute of Diabetes and Digestive and Kidney Disease	93.847	MCG 20497-9	41,355.73
National Institute of Diabetes and Digestive and Kidney Disease	93.847	SBIR W/ABT SUB DK078	-6,937.05
National Institute of Diabetes and Digestive and Kidney Disease	93.848	CHMC 397 M2/ CCHM100243	14,863.98
National Institute of Diabetes and Digestive and Kidney Disease	93.848	CHRF CHMC 103952	25,000.00
National Institute of Diabetes and Digestive and Kidney Disease	93.848	CHRF CHMC 104355	-0.07
National Institute of Diabetes and Digestive and Kidney Disease	93.848	CHRF CHMC459	-133.89
National Institute of Diabetes and Digestive and Kidney Disease	93.848	CHRF CHMC459-M2	211,344.47
National Institute of Diabetes and Digestive and Kidney Disease	93.848	P2D/SUB R43 DK081293	24,134.69
National Institute of Diabetes and Digestive and Kidney Disease	93.848	UC DAVIS 0900025	116,389.78
National Institute of Diabetes and Digestive and Kidney Disease	93.848	ULRF/ SUB DK055030-08	31,431.32
National Institute of Diabetes and Digestive and Kidney Disease	93.849	MERCATOR 8MM/RDK077552A	61,441.70
National Institute of Diabetes and Digestive and Kidney Disease	93.849	UF 07016	22,233.34
National Institute of Neurological Disorders and Stroke	93.853	Massachusetts General 2CARE	18,339.25
National Institute of Neurological Disorders and Stroke	93.853	003 UAB SUB NS041588	65,346.45
National Institute of Neurological Disorders and Stroke	93.853	CHMC 105495	214,011.57
National Institute of Neurological Disorders and Stroke	93.853	CHMC SUB U01 NSO4591	-0.02
National Institute of Neurological Disorders and Stroke	93.853	CMD, Inc. Sub NS043816	74,249.74
National Institute of Neurological Disorders and Stroke	93.853	COLUMBIA UNIV. SUB NS048212	5,930.14
National Institute of Neurological Disorders and Stroke	93.853	CORN UNIV 089 SUB NS50324-03	6,986.42
National Institute of Neurological Disorders and Stroke	93.853	EMORY UNIV 5-42415-G7	14,036.93
National Institute of Neurological Disorders and Stroke	93.853	JHU 8506-10376-4	80,081.79
National Institute of Neurological Disorders and Stroke	93.853	MAYO CLINIC ROCHESTER	-2,639.15
National Institute of Neurological Disorders and Stroke	93.853	MAYO SUB NS039987-09	3,141.97
National Institute of Neurological Disorders and Stroke	93.853	MAYO/R01 NS039987-08	0.01
National Institute of Neurological Disorders and Stroke	93.853	Med. University SC MUSC08-160	3,305.55
National Institute of Neurological Disorders and Stroke	93.853	U of FL UF07065	4,279.79
National Institute of Neurological Disorders and Stroke	93.853	U OF Mich. 5000002770	109,066.64
National Institute of Neurological Disorders and Stroke	93.853	U OF Mich. 5000002951	9,239.44
National Institute of Neurological Disorders and Stroke	93.853	U of Mich. 3000691483-RPT07	198,228.14
National Institute of Neurological Disorders and Stroke	93.853	U ROCH 414197-G	3,051.63
National Institute of Neurological Disorders and Stroke	93.853	U ROCH 414255-G	6,180.75
National Institute of Neurological Disorders and Stroke	93.853	UCLA 1580-G-DJ024	4,033.39

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National Institute of Neurological Disorders and Stroke	93.853	UMDNJ SUB NS038384-06	13,871.12
National Institute of Neurological Disorders and Stroke	93.853	UNIV ROCH 414197-G	1,828.10
National Institute of Neurological Disorders and Stroke	93.853	UNIV ROCH 414255-G	6,998.83
National Institute of Neurological Disorders and Stroke	93.853	University of North COSS	89,141.53
National Institute of Neurological Disorders and Stroke	93.853	Wash. Univ. NS058797	37,595.71
National Institute of Neurological Disorders and Stroke	93.853	WU-06-137	-11,122.79
National Institute of Neurological Disorders and Stroke	93.853	YALE A06107	23,316.50
National Institute of Neurological Disorders and Stroke	93.853	YALE A06760 (M-08-286)	-904.95
National Institute of Neurological Disorders and Stroke	93.853	YALE A07223 M05A00382	254,198.05
National Institute of Neurological Disorders and Stroke	93.853	YALE UNIV #05648	2,363.87
National Institute of Allergy and Infectious Disease	93.855	ACE AT FIMR 08-B-113	106,508.29
National Institute of Allergy and Infectious Disease	93.855	CHMC 102680	25,323.27
National Institute of Allergy and Infectious Disease	93.855	CHRF CHMC 103666	31,128.30
National Institute of Allergy and Infectious Disease	93.855	GLRCE 06020/5-30438 DP 32	41,115.70
National Institute of Allergy and Infectious Disease	93.855	SSS ACURE-Q-06-00164-T004	50,514.23
National Institute of Allergy and Infectious Disease	93.855	SSS ACURE-Q-06-00164-T006	31,977.16
National Institute of Allergy and Infectious Disease	93.856	CHMC 430	15,195.71
National Institute of Allergy and Infectious Disease	93.856	CHMC 430/101560	9,418.23
National Institute of Allergy and Infectious Disease	93.856	CHMC188-N	-0.03
National Institute of Allergy and Infectious Disease	93.856	U CHICAGO #26020/5-30226	-7,409.79
National Institute of Allergy and Infectious Disease	93.856	U CHICAGO 26020/5-30226	-6,472.09
National Institute of Allergy and Infectious Disease	93.856	U IOWA PO#4000523234	-111.65
National Institute of Allergy and Infectious Disease	93.856	UCSF 3563SC	37,202.70
National Institute of Allergy and Infectious Disease	93.856	UOM SUBU56AI57164-02	-15,776.94
National Institute of General Medical Sciences	93.859	UT-Austin UTA08-479	30,737.94
National Institute of General Medical Sciences	93.859	UW 306732	0.29
National Institute of Child Health and Human Development	93.865	CHRF CHMC 353-M4 100256	-442.04
National Institute of Child Health and Human Development	93.865	CWRU #ZCHX500143	111,484.53
National Institute of Child Health and Human Development	93.865	PU #4102-24430	94,004.04
National Institute of Child Health and Human Development	93.865	PU SUBAWARD#: 4102-20107	7,112.50
National Institute of Child Health and Human Development	93.865	UP PO#1601575 SUB#544189	-5.92
National Institute on Aging	93.866	CHMC 468	-10,630.19
National Institute on Aging	93.866	IU SUB P30 AG010133	3,421.99
National Institute on Aging	93.866	U NEB SR00000239	70.59
National Institute on Aging	93.866	U of CO FY07.266.005	-8,289.01
National Institute on Aging	93.866	UKRF 4-72546-05-223	9,617.03
National Eye Institute	93.867	ORE HSU GCAE10145AA	-7,867.85
National Eye Institute	93.867	UIC 2003-04430-01-02	-2,075.83
Health Resources and Services Administration	93.918	CHN CHCCP	137,295.08
Health Resources and Services Administration	93.918	CHN CHCCP (ED EIP)	29,632.94
Health Resources and Services Administration	93.918	CHN-CHCCP	350,598.55
Centers for Disease Control and Prevention	93.940	CBH Sub ODH SUB CDC 95X9708	68,885.93
Centers for Disease Control and Prevention	93.940	CINTI BOH SUB CDC 65X9444	-525.12
Centers for Disease Control and Prevention	93.940	CINTI BOH SUB CDC 75X9524	-2,056.32
Centers for Disease Control and Prevention	93.940	CINTI BOH SUB CDC 85X9629	45,598.57
Centers for Disease Control and Prevention	93.940	CINTI BOH SUB CDC 95X9759	17,090.67
Substance Abuse and Mental Health Services Administration	93.959	ODADAS 9908028CPREVP079227	-14,846.35
Substance Abuse and Mental Health Services Administration	93.959	ODADAS 9908028ORNP080801	58,905.06

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Substance Abuse and Mental Health Services Administration	93.959	ODADAS 998028CPREVP099227	192,657.71
Substance Abuse and Mental Health Services Administration	93.959	ODADAS9980828CPREVP089227	17,630.59
Health Resources and Services Administration	93.969	UKRF 3048104874-09-042	94,480.23
Centers for Disease Control and Prevention	93.991	ODH 03140014CH0209	58,450.83
Centers for Disease Control and Prevention	93.991	ODH 03140014CH108	75,924.82
Health Resources and Services Administration	93.994	ODH #WP1805	-161.69
Health Resources and Services Administration	93.994	ODH 09 PO#10358	4,983.73
Health Resources and Services Administration	93.994	ODH PO #DOH01-0000004917	1,684.10
		TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES	**10,348,323.60**
Department of Homeland Security			
Department of Homeland Security	97.044	UL EMW-2007-FP-02093	50,005.44
Department of Homeland Security	97.065	NANOLYTICS/ DOD SUB	-21,922.85
		TOTAL DEPARTMENT OF HOMELAND SECURITY	**28,082.59**
Department of Housing and Urban Development			
Department of Housing and Urban Development	14	NCHH-08-1126 Sub HUD	25,877.16
Department of Housing and Urban Development	14	NCHH-08-1127 Sub HUD	39,582.16
Office of Healthy Homes and Lead Hazard Control	14.900	CITY OF CINTI-HUD 35X0043	-19,741.35
Office of Healthy Homes and Lead Hazard Control	14.900	NAT CTR LEAD SAFE HS	-40,902.06
		TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	**4,815.91**
Department of Interior			
Geological Survey	15.805	OSURF 60013636	4,837.00
Geological Survey	15.805	OSURF RF01117222	17,543.20
Geological Survey	15.807	USC 123957	19,025.14
		TOTAL DEPARTMENT OF INTERIOR	**41,405.34**
Department of Justice			
Department of Justice	16	KINSOW 1224708 CHAKR	271,822.85
Department of Justice	16	UNISYS CORP SMSPO059592	172,869.72
Office of Juvenile Justice and Delinquency Prevention	16.523	FRANKLIN CTY 08121706	23,212.98
Office of Juvenile Justice and Delinquency Prevention	16.523	FRANKLIN CTY SUB DOJ	-1,923.37
National Institute of Justice	16.562	AFFYMETRIX NIJ05DABXK101	358.13
Bureau of Justice Assistance	16.579	2004 2005DS/JG19-19 16505PA	69,962.54
Executive Office for Weed and Seed	16.595	MADISONVILLE WS-Q5-0069	-10,000.00
Office of Justice Programs	16.738	OCJS CIRV 2006JGBOVV6239	-432.23
Office of Justice Programs	16.738	OCJS CIRV 2006JGBOVV6239A	140,866.01
Office of Justice Programs	16.738	OCJS/ODPS Statewide	34,459.67
		TOTAL DEPARTMENT OF JUSTICE	**701,196.30**
Department of Labor			
Department of Labor	17	Butler CTY 07-05-017	4,602.65
Department of Labor	17	CPWR/ DOL-J059E222 1080-17	12,136.92
Department of Labor	17	CPWR/DOL-J059E22270 291305	43,844.18
		TOTAL DEPARTMENT OF LABOR	**60,583.75**
Department of State			
Bureau of Educational and Cultural Affairs	19.401	CIES - Fullbright 87500004	14,978.07
		TOTAL DEPARTMENT OF STATE	**14,978.07**
Department of Transportation			
Federal Highway Administration	20.205	NAS SUB DOT NCHRP HR12-77	222,505.77

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Federal Highway Administration	20.205	ODOT #11569 SUB FHA	-0.08
Federal Highway Administration	20.205	ODOT #11569 SUB FHWA	51,946.25
Federal Highway Administration	20.205	ODOT #11855 SUB FHWA	49,921.46
Federal Highway Administration	20.205	ODOT #20359 SUB FHWA	102,351.44
Federal Highway Administration	20.205	ODOT 14811/FHWA DIST	103,367.71
Federal Highway Administration	20.205	ODOT 14811/FHWA DISTR9	25,598.34
Federal Highway Administration	20.205	ODOT 20979 SUB FHWA	50,387.03
Federal Highway Administration	20.205	Ohio University UT15194	30,133.45
Research and Special Programs Administration	20.701	MSU SubODOT 61-5678A	-0.05
Research and Special Programs Administration	20.701	U WISC 995B503	19,888.95
Research and Special Programs Administration	20.701	UA USDOT DTRT06G0037	10,113.97
Research and Special Programs Administration	20.701	UNIV WIS A800295 SUB	-0.13
Research and Special Programs Administration	20.701	UNIV WIS SUB FHWA A8	5,587.20
Research and Special Programs Administration	20.701	Univ Wis-Mad 995B724	38,488.62
	TOTAL DEPARTMENT OF TRANSPORTATION		**710,289.93**
Environmental Protection Agency			
Environmental Protection Agency	66	PEG WA 3-14 PEG3-14UC	76,554.67
Environmental Protection Agency	66	PEG WA# 2-67 PEG2-67UC	52,132.62
Environmental Protection Agency	66	PEG WA# 3-67 PEG3-67UC	86,348.17
Environmental Protection Agency	66	PEG WA#2-73 PEG2-73UC	64,815.97
Environmental Protection Agency	66	PEG WA#2-74 PEG2-74UC	20,600.93
Environmental Protection Agency	66	PEG WA#3-31 PEG2-31UC	12,394.59
Environmental Protection Agency	66	PEG WA#3-73 PEG3-73UC	135,186.61
Environmental Protection Agency	66	PEGSUB #00001 WA 1-14	-6,394.91
Environmental Protection Agency	66	PEGSUB #00001 WA 1-17	236.23
Environmental Protection Agency	66	PEGSUB #00001 WA 1-18	0.01
Environmental Protection Agency	66	PEGSUB #00001 WA 1-2	1,831.41
Environmental Protection Agency	66	PEGSUB #00001 WA 1-20	6,394.91
Environmental Protection Agency	66	PEGSUB #00001 WA 1-5	-1,915.26
Environmental Protection Agency	66	PEGSUB #00001 WA 1-51	738.99
Environmental Protection Agency	66	PEGSUB #00001 WA 1-52	394.99
Environmental Protection Agency	66	PEGSUB #00001 WA 1-53	1,940.49
Environmental Protection Agency	66	Saw Env SHAW PO406355	42,857.35
Environmental Protection Agency	66	Shaw Env PO#470293 OP	756.00
Environmental Protection Agency	66	SHAW ENV EPA PO292477	816.18
Environmental Protection Agency	66	SHAW PO#410185	756.00
Environmental Protection Agency	66	SHAW PO427304	1,500.49
Environmental Protection Agency	66	Tisch Environ sub EP	17,545.57
Environmental Protection Agency	66	WA# 1-45 PEG1-45UC	16,657.03
Environmental Protection Agency	66	WA# 1-47 PEG2-47UC	12,920.69
Environmental Protection Agency	66	WA# 2-02 PEG2-02UC	35,506.17
Environmental Protection Agency	66	WA# 2-06 PEG2-06UC	100,557.42
Environmental Protection Agency	66	WA# 2-11 PEG2-11UC	28,895.70
Environmental Protection Agency	66	WA# 2-12 PEG2-12UC	23,103.37
Environmental Protection Agency	66	WA# 2-14 PEG2-14UC	66,208.62
Environmental Protection Agency	66	WA# 2-17 PEG2-17UC	18,516.93
Environmental Protection Agency	66	WA# 2-31 PEG2-31UC	13,796.84
Environmental Protection Agency	66	WA# 2-36 PEG2-36UC	2,821.90

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Environmental Protection Agency	66	WA# 2-37 PEG2-37UC	10,627.75
Environmental Protection Agency	66	WA# 2-38 PEG2-38UC	27,632.33
Environmental Protection Agency	66	WA# 2-44 PEG2-44UC	14,761.98
Environmental Protection Agency	66	WA# 2-51 PEG2-51UC	577.32
Environmental Protection Agency	66	WA# 2-52 PEG2-52T1UC	80,206.85
Environmental Protection Agency	66	WA# 2-52 PEG2-52T2UC	13,421.28
Environmental Protection Agency	66	WA# 2-53 PEG2-53UC	40,855.88
Environmental Protection Agency	66	WA# 2-56 PEG2-56UC	49,158.20
Environmental Protection Agency	66	WA# 2-66 PEG2-66UC	19,235.10
Environmental Protection Agency	66	WA# 2-8 PEG2-05UC	31,278.48
Environmental Protection Agency	66	WA# 3-02 PEG3-02UC	52,009.25
Environmental Protection Agency	66	WA# 3-06 PEG3-06UC	162,267.01
Environmental Protection Agency	66	WA# 3-37 PEG3-37UC	53,926.11
Environmental Protection Agency	66	WA# 3-38 PEG3-38UC	17,302.10
Environmental Protection Agency	66	WA# 3-44 PEG3-44UC	2,602.96
Environmental Protection Agency	66	WA# 3-47 PEG3-47UC	34,015.11
Environmental Protection Agency	66	WA# 3-52 PEG3-52T1UC	33,893.12
Environmental Protection Agency	66	WA# 3-52 PEG3-52T2UC	22,253.90
Environmental Protection Agency	66	WA# 3-53 PEG3-53UC	32,328.58
Environmental Protection Agency	66	WA#3-11 PEG3-11UC	22,551.82
Environmental Protection Agency	66	WA#3-52 PEG3-52T1UC	73,621.00
Environmental Protection Agency	66	WA#3-65 PEG3-65UC	17,761.38
Environmental Protection Agency	66	WA#3-71 PEG3-71UC	5,934.09
Environmental Protection Agency	66	WA#3-74 PEG3-74UC	75,204.46
Environmental Protection Agency	66	Waterstone TO #804	13,115.80
Office of Research and Development	66.500	HDR/ESS RFP3018	10,779.44
Environmental Protection Agency	66.509	EMORY UNIV 5-20625-G1	8,984.69
Environmental Protection Agency	66.509	UNIV MICH 3000840062	63,162.67
		TOTAL ENVIRONMENTAL PROTECTION AGENCY	**1,823,945.34**
National Aeronautics & Space Administration			
National Aeronautics & Space Administration	43	AVANT CK#1002 2/5/07	454.00
National Aeronautics & Space Administration	43	JPL RSA NO. 1356415	16,436.64
National Aeronautics & Space Administration	43	NSBRI PO 5600222023	87,943.17
National Aeronautics & Space Administration	43	PURDUE UNIV 4103-21918	73,382.18
National Aeronautics & Space Administration	43.001	AVETEC sub NASA AV07U007	74,870.02
National Aeronautics & Space Administration	43.001	NNH06CC28C SUB NASA	22,561.10
National Aeronautics & Space Administration	43.001	OAI R30010027540106	-31.56
National Aeronautics & Space Administration	43.001	OSGC SUB NASA - High	10,000.00
National Aeronautics & Space Administration	43.001	OSURF/NASA 970493	-1,912.99
		TOTAL NATIONAL AERONAUTICS & SPACE ADMINISTRATION	**283,702.56**
National Foundation on the Arts and the Humanities			
National Endowment for the Humanities	45.161	NU RZ-50804-07 N	14,380.53
		TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES	**14,380.53**
National Science Foundation			
Directorate for Engineering	47.041	NCAT 260116B	439,949.59
Directorate for Engineering	47.041	SBIR EDAptive ITE5SUBIMS01	-362.23
Directorate for Engineering	47.041	SUNY @ Bing 5016 SUNY	4,491.22

Continued

University of Cincinnati
Schedule of Expenditures of Federal Awards
for the period ending June 30, 2009

Federal Agency	Federal CFDA	Program Title or Sponsor ID	Federal Expenditures
Directorate for Engineering	47.041	U OF COLO 55720	8,869.40
Directorate for Engineering	47.041	ULRF 03-0900	-0.01
Directorate for Engineering	47.041	UM F041244	483.08
Directorate for Engineering	47.041	UWM Award 0540582	8,010.69
Directorate for Engineering	47.041	UWM K087570 sub NSF	7,170.15
Directorate for Mathematical and Physical Sciences	47.049	NKU NK2008-026-4000396	28,785.84
Directorate for Mathematical and Physical Sciences	47.049	OSURF NSF SUB 60004660	6,923.08
Directorate for Mathematical and Physical Sciences	47.049	UND sub NSF PHY-0715396	14,784.95
Directorate for Education and Human Resources	47.076	KSU 442151-PO70744	15,000.31
Directorate for Education and Human Resources	47.076	WSU PSM06582	3,607.96
National Science Foundation	47.079	LSU sub NSF OISE-073	41,956.95
National Science Foundation	47.079	U OF N DAKOTA 905	49,408.91
		TOTAL NATIONAL SCIENCE FOUNDATION	**629,079.89**
		TOTAL RESEARCH AND DEVELOPMENT - PASS THROUGH FUNDS	**19,470,980.80**
		TOTAL RESEARCH AND DEVELOPMENT CLUSTER	**142,044,749.02**
OTHER - DIRECT FUNDS			
Department of Defense			
Army Research Office	12.431	Basic Scientific Research	-8,793.91
Department of the Air Force	12.800	Air Force Defense Research Sciences Program	19,741.70
		TOTAL DEPARTMENT OF DEFENSE	**10,947.79**
Department of Education			
Trio Cluster			
Office of the Assistant Secretary for Postsecondary Education	84.042	TRIO_Student Support Services	189,183.43
Office of the Assistant Secretary for Postsecondary Education	84.044	TRIO_Talent Search	299,216.53
Office of the Assistant Secretary for Postsecondary Education	84.047	TRIO_Upward Bound	796,313.55
Office of the Assistant Secretary for Postsecondary Education	84.066	TRIO_Educational Opportunity Centers	483,531.48
		TOTAL TRIO CLUSTER	**1,768,244.99**
Other Department of Education			
Department of Education Office of Postsecondary Education	84.031	Higher Education_Institutional Aid	38,999.50
Office of the Assistant Secretary for Postsecondary Education	84.116	Fund for the Improvement of Postsecondary	26,138.63
Office of the Assistant Secretary for Postsecondary Education	84.217	McNair Post-Baccalaureate Achievement	320,776.26
Department of Education Office of Educational Research &	84.305	National Institute on Student Achievement,	87,989.41
Office of Special Education and Rehabilitative Services	84.325	Special Education_Personnel Preparation to	50,585.88
Office of Special Education and Rehabilitative Services	84.327	Special Education_Technology and Media Services	451,777.60
Office of the Assistant Secretary for Postsecondary Education	84.334	Gaining Early Awareness and Readiness for	1,479,305.82
		TOTAL OTHER DEPARTMENT OF EDUCATION	**2,455,573.10**
		TOTAL DEPARTMENT OF EDUCATION	**4,223,818.09**
Department of Homeland Security			
Federal Emergency Management Agency	97.103	Degrees at a Distance Program	9,754.50
		TOTAL DEPARTMENT OF HOMELAND SECURITY	**9,754.50**
Department of Labor			
Department of Labor	17	Department of Labor	6,693.60
		TOTAL DEPARTMENT OF LABOR	**6,693.60**

Continued

University of Cincinnati
Schedule of Expenditures of Federal Awards
for the period ending June 30, 2009

Federal Agency	Federal CFDA	Program Title or Sponsor ID	Federal Expenditures
Environmental Protection Agency			
Office of Grants and Debarment	66.607	Training and Fellowships for the Environmental	327,877.86
	TOTAL ENVIRONMENTAL PROTECTION AGENCY		**327,877.86**
National Foundation on the Arts and the Humanities			
National Endowment for the Humanities	45.163	Promotion of the Humanities_Seminars and	0.07
National Endowment for the Humanities	45.164	Promotion of the Humanities_Public Programs	15,339.91
	TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		**15,339.98**
National Science Foundation			
Directorate for Engineering	47.041	Engineering Grants	278,586.21
Directorate for Mathematical and Physical Sciences	47.049	Mathematical and Physical Sciences	1,539.31
Directorate for Biological Sciences	47.074	Biological Sciences	151,618.15
Directorate for Education and Human Resources	47.076	Education and Human Resources	135,678.20
	TOTAL NATIONAL SCIENCE FOUNDATION		**567,421.87**
Office of Personnel Management			
Office of Personnel Management	27.011	Intergovernmental Personnel Act (IPA) Mobility	113,494.83
	TOTAL OFFICE OF PERSONNEL MANAGEMENT		**113,494.83**
	TOTAL OTHER - DIRECT FUNDS		**5,275,348.52**
OTHER - PASS THROUGH FUNDS			
Corporation for National Service			
Corporation for National and Community Service	94.004	OTTERBEIN GC01	108,166.26
Corporation for National and Community Service	94.005	AACC Regional Servic	1,987.42
	TOTAL CORPORATION FOR NATIONAL SERVICE		**110,153.68**
Department of Agriculture			
Food and Nutrition Service	10.558	ODE CACFP 079632	45,918.07
	TOTAL DEPARTMENT OF AGRICULTURE		**45,918.07**
Department of Defense			
Department of Defense	12	AAS 09-62, 09-63	250.00
Department of Defense	12	GE PO L4F35882	0.01
Department of Defense	12	OAI #R-300-100199-40106	30,242.70
Army Research Office	12.431	AAS 07-91, 07-92	-4.16
Army Research Office	12.431	AAS 08-45, 08-46	5,198.81
	TOTAL DEPARTMENT OF DEFENSE		**35,687.36**
Department of Education			
Department of Education	84	ODE 062927-2005-TRSP	-1,695.69
Department of Education	84	ODE 062927-2007-TRSP	18,137.11
Department of Education	84	ODE 062927-SAELP-2009	76,011.54
Office of Assistant Secretary for Vocational and Adult Education	84.048	KENTUCKY COMMUNITY	7,480.00
Office of Assistant Secretary for Vocational and Adult Education	84.048	USED/ODE-VENT-07-UC-C	-247.99
Office of the Assistant Secretary for Postsecondary Education	84.116	Cuny 46266-00-01 A	19,839.16
Office of Elementary and Secondary Education	84.186	ODE 062927 ORRC	32,192.55
Office of Elementary and Secondary Education	84.186	ODE OPERC DR-SP-03-P	22.33
Office of Elementary and Secondary Education	84.186	ODE P153AQ70026	3,545.27
Office of Elementary and Secondary Education	84.186	OPERC 062927 DRS9	835.57
Office of the Assistant Secretary for Educational Research and	84.215	OSURF RF01136256 SUB	3,240.00
National Institute for Literacy	84.255	PADC SP1161000337	72,058.86
Office of Elementary and Secondary Education	84.298	ODE- SUB USED - ABC	199.90

Continued

University of Cincinnati
Schedule of Expenditures of Federal Awards
for the period ending June 30, 2009

Federal Agency	Federal CFDA	Program Title or Sponsor ID	Federal Expenditures
Office of Elementary and Secondary Education	84.298	ODE SUB USED ABC Ini	-0.07
Department of Education Office of Educational Research &	84.305	Lockland Schools 0089413	34,054.61
Office of Special Education and Rehabilitative Services	84.323	ODE 112714-STA1-2006	-2,883.24
Office of Special Education and Rehabilitative Services	84.323	ODE/USED SIG 062927-3	-96.28
Office of Special Education and Rehabilitative Services	84.323	ODE/USED SIG 062927-4	1,511.83
Office of Special Education and Rehabilitative Services	84.323	ODE/USED SIG 062927-5	24,897.79
Office of Special Education and Rehabilitative Services	84.323	ODE/USED SIG-SRS0612	1,042.63
Office of Innovation & Improvement	84.330	ODE CI667-CALC-07-02	-50,738.97
Office of the Assistant Secretary for Postsecondary Education	84.334	OBR - OCAN - Gear UP	75,000.36
Office of the Assistant Secretary for Postsecondary Education	84.334	OBR/USED GEAR UP/OCAN	1,219.08
Office of the Assistant Secretary for Postsecondary Education	84.334	OBR-OCAN-GEAR UP	-0.01
Office of the Assistant Secretary for Postsecondary Education	84.334	OBR-OCAN-GEAR UP-SUB	27,028.76
Office of Elementary and Secondary Education	84.350	CPS-DIVERSIFY TEACH	-291.20
Office of Elementary and Secondary Education	84.357	CPS SUB USED SUP ED	426,612.74
Office of Elementary and Secondary Education	84.367	OBR SUB USED 06-11 ITQ	15.77
Office of Elementary and Secondary Education	84.367	OBR 03-13 ITQP	2,819.88
Office of Elementary and Secondary Education	84.367	OBR 03-14 ITQP	-2,819.92
Office of Elementary and Secondary Education	84.367	OBR 05-08 ITQ / USED	-0.04
Office of Elementary and Secondary Education	84.367	OBR 05-09 ITQ / USED	-0.06
Office of Elementary and Secondary Education	84.367	OBR ITQP 08-07	2,906.45
Office of Elementary and Secondary Education	84.367	OBR ITQP 08-08	7,590.12
Office of Elementary and Secondary Education	84.367	OBR SUB USED 06-12 ITQ	15.75
Office of Elementary and Secondary Education	84.367	OBR SUB USED 07-08 ITQ	64,585.03
Office of Elementary and Secondary Education	84.367	OBR SUB USED 07-09 ITQ	93,284.96
		TOTAL DEPARTMENT OF EDUCATION	**937,374.58**
Department of Energy			
Department of Energy	81	KRELL INST SUB DOE	15,582.68
Department of Energy	81	STOLLER PO #0000003520	15,234.23
Office of Nuclear Energy	81.114	SCSU 04-444205-NEP-UC-OH	28,460.16
		TOTAL DEPARTMENT OF ENERGY	**59,277.07**
Department of Housing and Urban Development			
Department of Housing and Urban Development	14	CMHA-2004 SUB HUD	-11,500.66
Department of Housing and Urban Development	14.193	CMHA SUB HUD PROJECT	-957.22
		TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	**-12,457.88**
Department of Justice			
Office of Juvenile Justice and Delinquency Prevention	16.523	CJCC sub DOJ Tech A	1,680.31
		TOTAL DEPARTMENT OF JUSTICE	**1,680.31**
Department of Transportation			
National Highway Traffic Safety Administration	20.600	BRN CTY SC2008800000027600	9,679.64
National Highway Traffic Safety Administration	20.600	BRN CTY SC2009800000038000	13,513.60
		TOTAL DEPARTMENT OF TRANSPORTATION	**23,193.24**
National Aeronautics & Space Administration			
National Aeronautics & Space Administration	43	OSGC sub NASA - Seed	773.18
National Aeronautics & Space Administration	43.001	OSGC/NASA- BALLOON S	3,826.99
National Aeronautics & Space Administration	43.001	OSGC/NASA-OAI SCHOLA	38,510.99
		TOTAL NATIONAL AERONAUTICS & SPACE ADMINISTRATION	**43,111.16**

Continued

University of Cincinnati
Schedule of Expenditures of Federal Awards
for the period ending June 30, 2009

Federal Agency	Federal CFDA	Program Title or Sponsor ID	Federal Expenditures
National Foundation on the Arts and the Humanities			
National Endowment for the Humanities	45.129	OHC-R04-214 SUB NEH	-1,504.43
Institute of Museum and Library Services	45.310	Sttate Library OH / NEH	28,175.54
		TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES	**26,671.11**
National Science Foundation			
Directorate for Education and Human Resources	47.076	OSURF RF01048389	9,500.00
		TOTAL NATIONAL SCIENCE FOUNDATION	**9,500.00**
Small Business Administration			
Small Business Administration	59.037	ODOD SUB SBA - SBDC	9,436.41
Small Business Administration	59.037	SBA ECDD 04-095	562.91
Small Business Administration	59.037	SBA ECDD07-138	13,591.12
Small Business Administration	59.037	SBA ECDD08-094	109,374.96
Small Business Administration	59.037	SBDC ECDD09-189	34,325.50
		TOTAL SMALL BUSINESS ADMINISTRATION	**167,290.90**
		TOTAL OTHER - PASS THROUGH FUNDS	**1,447,399.60**
		TOTAL FEDERAL AWARDS	**175,032,266.09**

See Notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying schedule of expenditures of federal awards includes the federal grant transactions of the University of Cincinnati ("University") and is recorded on the accrual basis of accounting.

Subrecipients—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 subjected to testing and are reported as expenditures and listed as federal pass-through funds.

Negative Expenditures—Certain grant expenditures are negative as a result of various adjustments made during the year.

2. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBERS

Catalog of Federal Domestic Assistance ("CFDA") numbers are presented for those programs for which such numbers are available.

3. FEDERAL FAMILY EDUCATION LOAN PROGRAM

The University also participates in the Federal Family Education Loan Program. Loan awards under the Federal Family Education Loan Program for the year ended June 30, 2009 approximated $221,973,671.

4. FEDERAL LOAN PROGRAMS

The University administers the Federal Perkins, Health Professions Student and Nursing Student Federal Loan Programs. Total loan expenditures and disbursements of the Department of Education and Department of Health and Human Services student financial assistance programs for the year ended June 30, 2009 are as follows:

Federal Perkins Loan Program (CFDA 84.038)	$2,851,462
Health Professions Student Loan Program (CFDA 93.342)	119,795
Nursing Student Loan Program (CFDA 93.364)	150,400
TOTAL	$3,121,657

The above expenditures include disbursements and expenditures such as loans to students and administrative expenditures. The schedule of expenditures of federal awards only includes administrative costs of the loan programs.

Outstanding loans at June 30, 2009 include the following:

Federal Perkins Loans	$ 28,774,158
Health Professions Student Loans	900,120
Nursing Student Loans	705,844
Total	$ 30,380,122

5. INDIRECT COSTS

The University recovers indirect costs by means of predetermined indirect cost rates. The predetermined rates are a result of negotiated agreements with the U.S. Department of Health and Human Services. On May 30, 2007, the University received approval for indirect cost recovery rate effective from July 1, 2006 through June 30, 2009. The indirect cost rates structure is as follows:

Rate Type	Effective July 1, 2006 through June 30, 2009
Organized research:	
On-campus	56.0 %
Off-campus	26.0 %
Instruction:	
On-campus	56.0 %
Off-campus	26.0 %
Public Service:	
On-campus	30.0 %
Off-campus	26.0 %

On June 11, 2009, the University received approval for indirect cost recovery rate effective from July 1, 2009 through June 30, 2012. The indirect cost rates structure for this future period is as follows:

Rate Type	Effective July 1, 2009 through June 30, 2012
Organized research:	
On-campus	57.0 %
Off-campus	26.0 %
Instruction:	
On-campus	57.0 %
Off-campus	26.0 %
Public Service:	
On-campus	30.0 %
Off-campus	26.0 %

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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 University of Cincinnati:

We have audited the financial statements of the University of Cincinnati (the "University"), a component unit of the State of Ohio, as of and for the year ended June 30, 2009, and have issued our report thereon dated October 14, 2009, which included a reference on our reliance on the other auditors' report that related to their audit of the University of Cincinnati Foundation, an emphasis of a matter paragraph related to the University's investment in alternative investments and an emphasis of a matter paragraph related to the University's equity investment in the Health Alliance of Greater Cincinnati. 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 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.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 14, 2009.

This report is intended solely for the information and use of the Board of Trustees of the University of Cincinnati, management, federal awarding 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 those specified parties.

Deloitte & Touche LLP

October 14, 2009

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

To the Board of Trustees of
the University of Cincinnati

Compliance

We have audited the compliance of the University of Cincinnati (the "University"), a component unit of the State of Ohio, with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Circular A-133, Compliance Supplement*, that are applicable to its major federal program for the year ended June 30, 2009. The University's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the 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, 2009. However, the results of our auditing procedures disclosed 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 item 09-1.

Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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 of 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 non-compliance 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 09-1 to be a significant deficiency.

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

This report is intended solely for the information and use of the Board of Trustees of the University of Cincinnati, management, federal awarding 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 those specified parties.

Deloitte & Touche LLP

October 14, 2009

UNIVERSITY OF CINCINNATI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

PART I — SUMMARY OF INDEPENDENT AUDITORS' RESULTS

I. Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	______ Yes	__X__ No
Significant deficiencies identified that are not considered to be material weaknesses?	______ Yes	__X__ N/a
Noncompliance material to financial statements noted?	______ Yes	__X__ No

II. Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	______ Yes	__X__ No
Significant deficiencies identified that are not considered to be material weaknesses?	__X__ Yes	______ N/a
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	__X__ Yes	______ No
Identification of Major Programs:	Research and Development - Cluster	
Dollar threshold used to distinguish between Type A and Type B programs	$3,000,000	
Auditee qualified as low-risk auditee?	__X__ Yes	______ No

PART II — FINANCIAL STATEMENT FINDINGS SECTION

NO MATTERS ARE REPORTABLE.

PART III — FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

09-1 Federal Program—Research and Development Cluster CFDA Numbers 93.279, 93.393, 93.396, 93.847, 93.853, and 93.865

Requirement — Certain grantor agencies require periodic progress reports from the grantee stating the progress of the related research and development projects. The filing deadlines for these reports vary by grantor agency.

Condition — Seven reports relating to fiscal year 2009 activity with filing deadlines prior to the date of this report were initially submitted to the grantor agency after the deadline set by the grantor agency.

Context — We first selected 25 grants from the Schedule of Expenditures of Federal Awards for the 2009 fiscal year. Of the 25 grants, only 14 had reports related to fiscal year 2009 activity due to the grantor agency before the date of our fieldwork. Therefore, we selected 11 additional grants from a report of grants with reports due to the grantor agency during fiscal year 2009. Of the 14 initial selections we noted 1 for which the report to the grantor agency was not submitted by the deadline. Of the 11 subsequent selections, we noted 6 for which the reports to the grantor agency were not submitted by the deadline.

Effect — The University did not comply with the reporting requirements of the grantor agencies.

Cause — The University employees directly responsible for preparing and filing the status reports with the grantor agencies failed to monitor the reporting deadlines with a level of precision necessary to compile and submit the status reports by the deadlines set by the grantor agencies.

Questioned Cost — None of the exceptions noted were monetary in nature.

Recommendation — The University should submit reports prior to the deadlines set by the grantor agencies. The University should institute a control process to monitor unfiled reports nearing the deadlines set by the grantor agencies.

Views of Responsible Officials and Planned Corrective Action — Management agrees with the findings as presented. Staff vacancies and unsatisfactory employee performance factored into six of the seven late financial status reports. These issues have subsequently been resolved. Additionally, coordination of information between Sponsored Research Services Accounting (SRSA) and departmental grant administrators regarding final expenditures and invoices from sub-recipients played a significant role in several of the late reports.

To ensure better coordination of fiscal information between departments and SRSA, SRSA initiated monthly pre close-out letters articulating deadlines for final expenditure data. The initial mailing of pre close-out letters was for accounts ending in August 2009. In September 2009, SRSA initiated monthly training to university personnel responsible for post award grants administration. This training reiterates the importance of meeting deadlines established for final expenditure data. SRS also provides quarterly training for pre and post award grant administrators where current topics in sponsored administration are discussed. OMB Circular A-110, A-133 and A-21 responsibilities are annual topics. Recently, SRSA was restructured to provide a supervisor for every four grant administrators. The supervisors' responsibilities include monitoring and enforcing SRSA deadlines for final expenditure data to ensure timely submission of financial reports. Additionally, SRSA has received approval to hire an additional grant administrator for the department.

UNIVERSITY OF CINCINNATI

SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

NO MATTERS ARE REPORTABLE.

University of Cincinnati

Independent Accountants' Report on
Agreed-Upon Procedures Performed
on the Department of Athletics as
Required by NCAA Bylaw 6.2.3.1
for the Year Ended June 30, 2009

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To Monica Rimai, JD
Interim President
University of Cincinnati
Cincinnati, Ohio

We have performed the procedures enumerated below, which were agreed to by the University of Cincinnati (the "University"), with respect to the accounting records of the University as of June 30, 2009, solely to assist you in evaluating whether the accompanying statement of revenues and expenditures (the "statement") is in compliance with National Collegiate Athletic Association's (NCAA) Bylaw 6.2.3.1 for the year ended June 30, 2009. The University's management is responsible for the statement and for 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 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.

Affiliated/Outside Organizations

a. The University has informed us that the only outside organization that receives revenues on behalf of the University is the University of Cincinnati Foundation (the "Foundation"). We obtained from the management of the Foundation its financial activity conducted on behalf of the University, a summary of which is included as Exhibit B to this report.

b. We agreed a random sample of five selections of disbursements of athletics funds maintained by the Foundation to supporting documentation and noted no exceptions.

c. We agreed a random sample of five selections of receipts of funds by the Foundation on behalf of the Department of Athletics to supporting documentation and noted no exceptions.

Statement of Revenues and Expenditures

a. We obtained the statement of revenues and expenditures, as prepared by the Department of Athletics of the University, for the year ended June 30, 2009, which is included as Exhibit A. We agreed the revenue and expenditure amounts reported on the statement to the University's general ledger and noted no exceptions.

b. We compared the classifications in the Statement to the defined classifications in the NCAA Constitution section 6.2.3.1 and noted no exceptions.

c. We obtained the schedule of athletics-related assets as of June 30, 2009, as prepared by management. For a random sample of five of these assets, we agreed them to amounts recorded in the University's property ledger and noted no exceptions.

d. We obtained the schedule of annual maturities of both principal and interest of athletics-related debt as prepared by the University for the year ended June 30, 2009. We recalculated the annual maturities of principal and interest and agreed the maturities to supporting documentation and the University's general ledger, noting no exceptions.

e. We compared each major revenue category on the statement of revenues and expenditures to prior year amounts. Revenue categories constituting more than 20% of total revenue were considered a major revenue category. The Department of Athletics provided explanations to major revenue category fluctuations greater than 20% of prior year amounts and budget estimates. No fluctuations greater than 20% over prior year in major categories were noted.

Agreed-Upon Procedures for Revenues

a. For men's football and basketball ticket revenue, we compared the season and gate sold ticket information from the Paciolan ticketing system to the general ledger. For the year ended June 30, 2009, we noted unexplained differences of $23,557 (0.9%) for men's basketball ticket revenue, with the Paciolan system lower than the general ledger, and $37,510 (0.9%) for men's football ticket revenue, with the Paciolan system lower than the general ledger. We randomly selected a total of five basketball and football games' ticket revenue reported and agreed such amounts to batch revenue support, noting no exceptions.

b. We selected a random sample of five away game guaranteed contests from a list prepared by management and agreed each selection to amounts recorded in the University's general ledger and supporting documentation which included contracts and deposit slips. No exceptions were noted.

c. We obtained a list of contributions of all money, goods, or services received directly by the Department of Athletics from the University. From the list provided by the University, we did not note any individual contributions that constituted 10% or more of total contributions received.

d. We compared direct institutional support recorded by the University with institutional transfer authorizations held by the controller's office of the University and found them to be in agreement.

e. We obtained the Big East Conference Distribution Schedule relating to the University's participation in revenues from tournaments during the year ended June 30, 2009, provided by the Department of Athletics, and agreed the amounts to the University's general ledger. No exceptions were noted.

f. We obtained and read all agreements relating to broadcast, television, radio, and Internet rights from the Department of Athletics. We agreed the related revenue to supporting deposits and/or copies of checks and the general ledger and noted no exceptions.

g. We obtained a schedule of program, concession, novelty, and parking revenue from the University. We randomly selected five revenue receipts and agreed them to cash remittance advices, noting no exceptions.

h. We obtained a schedule of royalties, advertisements, and sponsorships from the University. We agreed the balance to the general ledger and noted no exceptions. We made a random sample of five receipts and agreed the receipts to supporting documentation and the related agreement, noting no exceptions.

i. The University of Cincinnati Foundation is the trustee of certain athletic endowments. For a random sample of five endowments, including one new endowment received in 2009, we obtained and read endowment agreements and reviewed the relevant terms and conditions. We compared and agreed the classification of endowment and investment income to the uses defined within the related endowment agreement obtained and noted no exceptions.

j. We obtained supporting schedules for other revenue and agreed amounts in the schedules to the amounts in the statement of revenues and expenditures. We made a random sample of five other revenue receipts from the supporting schedules and compared the receipts to deposit slips and/or copies of checks. We noted no exceptions in our testing.

Agreed-Upon Procedures for Expenditures

a. We randomly selected five athletic students from the University's listing of student aid recipients. For each selection, we obtained individual student account detail and compared total aid allocated from the related award letter to amounts applied to the student's account and found them to be in agreement.

b. We obtained and read five home game guarantee agreements received by the University and agreed the related expense to the University's general ledger and/or the statement of revenues and expenditures, noting no exceptions.

c. We obtained and read a listing of coaches employed by the University and randomly selected five coaches that included football, men's basketball, and women's basketball. We compared and agreed the financial terms and conditions of each selection, along with the W-2s and 1099s for each selection, to the related coaching salaries, benefits, and bonuses recorded in the statement and noted no exceptions.

d. We randomly selected a sample of five support staff/administrative personnel employed by the University and obtained and read the related W-2s and 1099s. We compared and agreed the related W-2s and 1099s to related salaries, benefits, and bonuses paid by the University to the statement and noted no exceptions.

e. We randomly selected a sample of five employees who received severance pay during the year ended June 30, 2009, and agreed recorded severance pay for all employees who received severance payments during the year ended June 30, 2009 to the related termination letters, noting no exceptions.

f. We obtained supporting schedules for recruiting expenses from the athletics department, and agreed amounts in the schedules to the statement, noting no exceptions. We selected a random sample of five expenditures from the supporting schedules and compared to supporting documentation of invoices and purchase orders and found them to be in agreement.

g. We obtained supporting schedules for equipment, uniforms, and supplies expenses from the athletics department, and agreed amounts in the schedules to the statement, noting no exceptions. We selected a random sample of five expenditures from the supporting schedules and compared to supporting documentation of invoices and purchase orders and found them to be in agreement.

h. We obtained supporting schedules for game expenses from the Department of Athletics and agreed amounts in the schedules to the statement, noting no exceptions. We selected a random sample of five game expenditures from the supporting schedules and compared to supporting documentation obtained and found them to be in agreement.

i. We obtained supporting schedules for fundraising, marketing, and promotion expenses from the athletics department and agreed amounts in the schedules to the statement, noting no exceptions. We selected a random sample of five fund raising, marketing, and promotional expenditures from the supporting schedules and compared to supporting documentation obtained, noting no exceptions.

j. We obtained supporting schedules for direct facilities, maintenance, and rental expenses from the Department of Athletics and agreed amounts in the schedules to the statement, noting no exceptions. We selected a random sample of five direct facilities, maintenance, and rental expenses from the supporting schedules and compared to supporting documentation obtained, noting no exceptions.

k. We obtained supporting schedules for spirit group expenses from the Department of Athletics and agreed amounts in the schedules to the statement, noting no exceptions. We selected a random sample of five spirit group expenditures from the supporting schedules and compared to supporting documentation obtained and found them to be in agreement.

l. We obtained supporting schedules for medical and medical insurance expenses from the Department of Athletics and agreed amounts in the schedules to the statement, noting no exceptions. We selected a random sample of five medical and medical insurance expenditures from the supporting schedules and compared to supporting documentation obtained and found them to be in agreement.

m. We obtained supporting schedules for membership and dues expenses from the Department of Athletics and agreed amounts in the schedules to the statement. We selected a random sample of five membership and dues expenditures from the supporting schedules and compared to supporting documentation obtained and found them to be in agreement.

n. We obtained supporting schedules for other operating expenses from the Department of Athletics and agreed amounts in the schedules to the statement, noting no exceptions. We selected a random sample of five other expenditures from the supporting schedules and compared to supporting documentation obtained and found them to be in agreement.

Agreed-Upon Procedures Related to the Internal Control over Compliance

Our procedures and results are as follows:

a. We made inquiries of the Controller's Office and Department of Athletics personnel relating to the procedures and internal accounting controls unique to the Department of Athletics, 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, controls over interaction with the information technology department, and controls over gathering information on the nature and extent of outside organizations' activities for or on behalf of the intercollegiate athletic programs.

b. We selected, on a random test basis, 15 cash deposits related to ticket revenue from the deposit slip files for the year ended June 30, 2009 and compared the deposit amounts to the ticketing system and the general ledger. We noted no exceptions.

c. We selected, on a random test basis, 15 football and men's basketball home games from the 2008-2009 season schedules and compared the seller statements for the game-day ticket sales to the ticketing system, noting no exceptions.

Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected. In addition, 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.

We were not engaged to perform an audit, the objective of which would be the expression of an opinion on the statement of revenues and expenditures of the Department of Athletics of the University or the statement's compliance with NCAA Bylaw 6.2.3.1. 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. 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 the administration of the University, the Ohio Board of Regents, and authorized representatives of the NCAA and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

October 14, 2009

UNIVERSITY OF CINCINNATI
DEPARTMENT OF ATHLETICS

EXHIBIT A

STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2009

	Football	Men's Basketball	Women's Basketball	Other Men	Other Women	NonProgram-Specific	Total
REVENUES:							
Ticket Sales	$ 2,599,954	$ 2,582,089	$ 24,096	$ 19,262	$ 8,013	$ 3,996	$ 5,237,410
Guarantees	1,500,000	43,448		5,000	5,697		1,554,145
Contributions	2,163,306	187,997	3,498	41,073	79,448	3,144,252	5,619,573
Direct Institutional Support						12,740,343	12,740,343
NCAA and Conference Distributions Including all Tournament Revenue	4,088,375	1,861,402		1,035	13,258	746,341	6,710,411
Broadcast, Television, Radio, and Internet Rights	509,082	300,000				7,819	816,901
Program Sales, Concessions, Novelty Sales, and Parking	477,667	121,016		15,682	2,680	293,212	910,256
Royalties, Licensing, Advertising, and Sponsorships						7,811,025	7,811,025
Endowment & Investment Income	79,156	6,131		63,233	9,427	554,287	712,234
Other Income	43,396	2,647		1,715	3,329	1,762,250	1,813,336
Total Revenues	11,460,935	5,104,730	27,594	146,999	121,850	27,063,525	43,925,634
EXPENDITURES:							
Athletics Student Aid	2,404,785	455,264	399,082	1,019,340	2,275,152	309,099	6,862,722
Guarantees	800,000	504,650	87,000	11,158			1,402,808
Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities	3,783,338	1,626,601	596,531	661,735	839,821	114,544	7,622,570
Support Staff, Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities	405,835	212,270	101,015	4,581	36,921	5,229,444	5,990,066
Recruiting	103,627	111,684	87,983	41,199	79,058	4,992	428,544
Team Travel	1,690,292	425,279	125,958	420,304	551,650	280,291	3,493,775
Equipment, Uniforms, & Supplies	132,008	3,025	945	48,910	46,523	22,227	253,639
Game Expenses	270,361	38,298	17,754	44,388	75,264	1,281,369	1,727,435
Fund Raising, Marketing and Promotion	130,026	38,687	11,185	24,004	12,322	6,773,394	6,989,620
Direct Facilities, Maintenance, & Rental	98,690	12,530	2,180	10,870	15,705	7,834,310	7,974,285
Spirit Groups						27,805	27,805
Medical Expenses and Medical Insurance	1,389	1,445	-	-	-	630,145	632,979
Memberships & Dues	1,020	2,745	-	2,473	3,485	13,850	23,573
Other Operating Expenses	336,224	35,501	3,193	55,172	76,466	723,604	1,230,160
Total Expenditures	10,157,595	3,467,979	1,432,827	2,344,134	4,012,369	23,245,076	44,659,979
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ 1,303,341	$ 1,636,751	$ (1,405,233)	$ (2,197,135)	$ (3,890,519)	$ 3,818,449	$ (734,346)

See notes to the statement of revenue and expenses.

1. SUMMARY OF PRESENTATION POLICIES

The amounts in the accompanying statement of revenues and expenditures were obtained from the University of Cincinnati's (the "University") general ledger, which is maintained on an accrual basis. All revenues and expenditures directly related to various sports were disclosed as such, except items which were not applicable, such as compensation and benefits paid by third parties. The University records depreciation on physical plant and equipment; however, depreciation is not part of the statement of revenues and expenditures.

2. CONTRIBUTIONS

Contribution revenue included in the statement of revenues and expenditures represents contributions given to the University's Department of Athletics based on donor's instructions. There were no individual contributions in excess of 10% of all contributions received for the Department of Athletics for the year ended June 30, 2009.

3. PROPERTY, PLANT, AND EQUIPMENT

Land, land improvements, infrastructure, buildings, and equipment are recorded at cost at date of acquisition or market value at date of donation. The University's capitalization threshold is $100,000 for major capital projects and $5,000 for all other capitalized items. Interest on related borrowing, net of interest earnings on invested proceeds, is capitalized during the period of construction. University property and equipment are depreciated using the straight-line method over the estimated useful lives (from 5 to 50 years) of the respective assets. When plant assets are sold or disposed of, the carrying value of such assets and the associated depreciation are removed from the University's records.

The University does not capitalize works of art or historical treasures that are held for public exhibition, education, or research in furtherance of public service. These collections are neither disposed of for financial gains nor encumbered in any way. In addition, the University requires the proceeds from the sale of collection items be used to acquire other collection items. Accordingly, such collections are not recognized or capitalized for financial statement purposes. All other works of art or historical treasures are capitalized at historical or fair value at date of donation.

4. REPAYMENT SCHEDULE FOR OUTSTANDING DEBT

The repayment schedule as of June 30, 2009, for outstanding debt related to the Department of Athletics of the University is as follows:

Fiscal Year	Principal	Interest	Total
2010	$ 4,340,094	$ 3,542,136	$ 7,882,230
2011	2,978,986	3,663,414	6,642,400
2012	3,344,924	3,539,376	6,884,300
2013	3,587,961	3,399,539	6,987,500
2014	3,481,281	3,239,716	6,720,997
2015-2019	25,644,282	13,007,518	38,651,800
2020-2024	25,976,840	6,628,760	32,605,600
2025-2028	12,043,180	1,088,920	13,132,100

Principal and interest payments made during the year are included in the statement of revenues and expenditures as direct facilities, maintenance, and rental expenditures.

In addition, at June 30, 2009, the Department of Athletics has an outstanding note payable of approximately $480,769 to the Big East Conference for the Big East Conference entrance fee. The note payable matures in five annual payments of $500,000 of principal plus interest beginning on June 30, 2006, and ending on June 30, 2010.

5. NEW MEDIA RIGHTS MARKETING AGREEMENT

During fiscal year 2009, the Athletics' Department entered into a new media rights marketing agreement with IMG Communications, Inc. The contract was signed on January 20, 2009 and was approved and ratified by the Board of Trustees at the January 27, 2009 meeting. The contract provides the University with a $7.0 million signing bonus that is reflected on Exhibit A in the Royalties, Licensing, Advertising, and Sponsorships revenue line item. The University paid ISP Sports an early termination fee of $5.0 million, which is reflected in the Fund Raising, Marketing, and Promotion expenditure line item.

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EXHIBIT B

UNIVERSITY OF CINCINNATI
DEPARTMENT OF ATHLETICS

SCHEDULE OF EXPENDABLE FUNDS HELD BY THE UNIVERSITY OF CINCINNATI FOUNDATION FOR THE DEPARTMENT OF ATHLETICS FOR THE YEAR ENDED JUNE 30, 2009

	Beginning Fund Balance	Increase in Funds	Transfers to or Expenses on Behalf of Program (1)	Transfers Between Foundation Funds	Ending Fund Balance
Gift Accounts:					
Alton E. Purcell	$ 5,851	$ 22,951	$ (24,704)	$	$ 4,098
Annual Scholarship Fund	105,016	2,975,153	(2,917,246)	(24,277)	138,646
Athletic Development Fund	250	1,767	(1,975)	(959)	(917)
Athletic Director Development Fund	20		(20)		-
Athletic Special Projects	4,607		(4,607)		-
Athletic Training Development Fund	198	1,350	(1,498)		50
Athletics — Dance	250				250
Athletics — Football	30				30
Athletics — Women’s Swimming & Diving	178				178
Athletics Opportunity Fund	2,500	268			2,768
Athletics Tickets/Parking		37,923	(37,923)		-
Baseball Development Fund	79,350	41,079	(120,225)		204
Bearcat Invitational	210		(210)		-
Bearcats Men’s Basketball Tip-off Event	5,399		(5,399)		-
C' Club Fund		33,414	(33,201)		213
Cattitude on the Commons	1,863		(1,863)		-
Cheerleading Development Fund	50	16,105	(16,155)		-
Dance Team Development Fund	50	1,786	(1,836)		-
Director of Athletics Discretionary	2,387		(135)	(30)	2,222
Facilities Consultant Fund			(62,500)	62,500	-
Football Bowl Gift Fund	560	1,215			1,775
Football Development Fund	(541)	68,886	(67,421)	150	1,074
Football UCATS	140				140
George Smith Society Athletic Scholarship	76,857	1,458,106	(1,502,777)	29,240	61,426
George Strike Insurance Prem.	289,316	44,391	(35,500)		298,207
Kolodzik Volleyball Travel Fund	5,503			(5,503)	-
Legion of Excellence Fund	5,077	12,290	(13,677)	(464)	3,226
Men’s Basketball Development Fund	26,739	173,788	(187,997)	(100)	12,430
Men’s Golf Development Fund	25	5,295	(5,310)		10
Men’s Soccer Development Fund	1	9,957	(8,643)		1,315
Men’s Soccer Raffle		11,600			11,600
Men’s Swimming & Diving Development Fund	20	2,250	(2,270)		-
Men’s Track & Field Development Find		2,095	(1,745)		350
Raising the Bar — Football Continuity Fund		445,000	(445,000)		-
Raising the Bar — Football Fund	20,350	30,750	(51,100)		-
Red and Black Society	3,854		(3,854)		-
Tennis Development Fund	20	319	(320)		19
UCATS Club Pass Fund	24,927	1,875	(26,802)		-
Volleyball Development Fund		9,485	(14,488)	5,503	500
Volleyball Travel and Reserve Fund	10,446		(10,446)		-
Women’s Basketball Development Fund		3,582	(3,498)		84
Women's Golf Development Fund	5,020	6,425	(11,445)		-
Women's Soccer Development Fund	100	4,940	(4,990)		50
Women's Track & Field Development Fund	(5)	550	(275)		270
Women's Lacrosse Development Fund	10,133	6,820	(16,828)		125
Women's Swimming & Diving Development Fund		600	(600)		-
Total Gift Accounts	**$ 686,751**	**$ 5,432,015**	**$ (5,644,483)**	**$ 66,060**	**$ 540,343**

(1) Amount represents funds disbursed to or on behalf of the University's Department of Athletics. The funding source of the disbursements represents funds recognized as current gift revenue by the Department of Athletics of $5,557,134 and funds expended on behalf of the University of Cincinnati athletics program of $87,349.

Mary Taylor, CPA
Auditor of State

UNIVERSITY OF CINCINNATI

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 8, 2009

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