

**THE OHIO STATE UNIVERSITY
WEXNER CENTER FOR THE ARTS**

FINANCIAL STATEMENTS

For The Years Ended June 30, 2010 and 2009





Dave Yost • Auditor of State

Wexner Center for the Arts
2040 Blankenship
901 Woody Hayes Drive
Columbus, Ohio 43210

We have reviewed the *Independent Auditors' Report* of the Wexner Center for the Arts, Franklin County, prepared by Parns & Company, LLC, for the audit period July 1, 2009 through June 30 2010. 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 Wexner Center for the Arts is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 25, 2011

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**THE OHIO STATE UNIVERSITY
WEXNER CENTER FOR THE ARTS**

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INDEPENDENT AUDITORS' REPORT

The Ohio State University
Wexner Center for the Arts

We have audited the accompanying statements of net assets of the Wexner Center for the Arts, which is a part of The Ohio State University, as of June 30, 2010 and 2009, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Wexner Center for the Arts's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the financial statements of Wexner Center for the Arts are intended to present the financial position and results of operations of only that portion of the financial reporting entity of The Ohio State University that is attributable to the transactions of Wexner Center for the Arts.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wexner Center for the Arts as of June 30, 2010 and 2009, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2010, on our consideration of the Wexner Center for the Arts'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 audit.

The Management's Discussion and Analysis presented on pages 2 through 7 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Wexner Center for the Arts taken as a whole. The accompanying supplementary information on pages 29 – 32, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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.

Parms & Company, LLC

December 21, 2010

Wexner Center for the Arts
Management's Discussion and Analysis
Fiscal Years Ending June 30, 2010 and June 30, 2009

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of the Wexner Center for the Arts for the year ended June 30, 2010 and 2009. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

About the Wexner Center

The Wexner Center for the Arts (WCA), which opened in November 1989, is a multi-disciplinary arts center located on the Columbus campus of The Ohio State University (the university). Conceived as a research laboratory for all the arts, it has emphasized commissions for new work and artist residencies since its inception. Its multidisciplinary programs encompass performing arts, exhibitions, and media arts (film/video) and have focused on cutting-edge culture from around the globe. The WCA building is named in honor of Harry L. Wexner, the father of Leslie H. Wexner, chairman and founder of Limited Brands and a major donor to the center.

The WCA receives significant financial support from the Wexner Center Foundation. The Foundation is a private, nonprofit partner of The Ohio State University Board of Trustees established for the overall purpose of advancing the interests of the WCA. Its primary role is to provide trustee guidance and sustained support for WCA programming.

About the Financial Statements

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

Financial Highlights

The WCA's financial position deteriorated slightly in Fiscal Year 2010. Restricted-nonexpendable net assets related to endowment funds increased \$353,849, to \$3,184,752, due to the long-term investment pool recovering slightly from the market downturn experienced during Fiscal Year 2009. Expendable net assets, which include unrestricted and restricted-expendable net assets, increased \$310,838, to \$910,386. This is the collective result of an increase in restricted-expendable net assets of \$1,522,672 to off-set programming costs and a decrease in unrestricted net assets of \$1,003,326.

Gift revenues totaled \$4,053,483 and \$3,299,995 for fiscal years 2010 and 2009, respectively. These gift figures include \$2,375,859 and \$2,692,280, respectively, in direct support from the Wexner Center Foundation.

Wexner Center for the Arts
Management's Discussion and Analysis
Fiscal Years Ending June 30, 2010 and June 30, 2009

The following sections provide additional details on the WCA's 2010 financial results and a look ahead at significant economic conditions that are expected to affect the Center in the future.

Statements of Net Assets

Statements of Net Assets	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 48,110	\$ -
Accounts receivable	118,409	100,233
Contributions receivable	1,007,896	2,284,449
Inventories and prepaid expenses	<u>706,569</u>	<u>699,368</u>
Total current assets	1,880,984	3,084,050
Endowments in OSU long-term investment pool	3,153,949	2,830,903
Property, plant & equipment, net	<u>40,988,814</u>	<u>43,063,053</u>
Total non-current assets	<u>44,142,763</u>	<u>45,893,956</u>
TOTAL ASSETS	\$ <u>46,023,747</u>	\$ <u>48,978,006</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 551,206	\$ 117,419
Due university	-	1,986,795
Accrued salary and wages	29,770	24,542
Deposits and deferred revenues	48,976	19,892
Accrued vacation and sick leave - current	<u>21,458</u>	<u>25,797</u>
Total current liabilities	651,410	2,174,445
Accrued vacation and sick leave - long term	<u>319,188</u>	<u>310,057</u>
TOTAL LIABILITIES	\$ <u>970,598</u>	\$ <u>2,484,502</u>
Invested in capital assets	\$ 40,988,814	\$ 43,063,053
Restricted - nonexpendable	3,153,949	2,830,903
Restricted - expendable	2,017,966	495,294
Unrestricted	<u>(1,107,580)</u>	<u>104,254</u>
TOTAL NET ASSETS	\$ <u>45,053,149</u>	\$ <u>46,493,504</u>

Total **current assets** decreased \$1,203,066, to \$1,880,984 at June 30, 2010, primarily due to decrease in contributions receivable from the university's Development Office. The Statement of Cash Flows, which is discussed in more detail below, provides additional details on sources and uses of WCA cash.

Endowment investments in the university's long-term investment pool increased \$323,046, to \$3,153,949 at June 30, 2010, primarily due to appreciation in the market value of investments. The long-term investment pool is invested in a diversified portfolio of equities, fixed income, real estate, hedge funds, private equity, venture capital and natural resources that is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support the university's mission.

Wexner Center for the Arts
Management's Discussion and Analysis
Fiscal Years Ending June 30, 2010 and June 30, 2009

The WCA's **property, plant and equipment**, net of accumulated depreciation, decreased \$2,074,239, to \$40,988,814, primarily due to building depreciation. University facilities assigned to the WCA include the WCA building and the adjacent Mershon Auditorium. In October 2005, the WCA galleries reopened after an extensive renovation.

Current liabilities of the WCA decreased \$1,523,035, to \$651,410 at June 30, 2010. Increases in account payable, accrued salary and wages, and deferred revenues were partially offset a decrease in current portion of accrued vacation and sick leave benefits. The major component of the decrease in current liabilities is the elimination of \$1,986,795 owed to the university at June 30, 2009.

Statement of Revenues, Expenses and Changes in Net Assets

Statement of Revenues, Expenses and Changes in Net Assets	2010	2009
OPERATING REVENUES:		
Sales and services	\$ 1,773,682	\$ 1,845,753
Grants and contracts	483,033	105,742
Total operating revenues	2,256,715	1,951,495
OPERATING EXPENSES:		
Salaries	4,442,715	4,419,680
Employee Benefits	1,463,635	1,528,436
Fees paid to performers and artists	480,370	416,175
Supplies and services	3,995,622	4,266,733
University overhead charges	37,490	44,065
Depreciation	2,275,936	2,279,917
Total operating expenses	12,695,768	12,955,006
OPERATING LOSS	(10,439,053)	(11,003,511)
NON-OPERATING REVENUES AND EXPENSES:		
University appropriations	4,161,847	4,147,457
Gifts	4,053,483	3,299,995
Endowment income distributions	177,111	178,655
Investment income	232,255	(1,124,495)
Transfers from University for capital projects	374,002	134,075
INCREASE (DECREASE) IN NET ASSETS	(1,440,355)	(4,367,824)
NET ASSETS -- Beginning of Year	46,493,504	50,861,328
NET ASSETS -- End of Year	\$ 45,053,149	\$ 46,493,504

Total net assets (equity) of the WCA decreased \$1,440,355, to \$45,053,149 at June 30, 2010. It should be noted that the required subtotal for net operating income or loss will generally reflect a "loss", primarily due to the way operating and non-operating items are defined under GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating expenses include virtually all WCA expenses. Operating revenues, however, *exclude* certain significant revenue streams that the Center relies upon to fund current operations, including direct support from the University, current-use gifts and investment income.

Wexner Center for the Arts
Management's Discussion and Analysis
Fiscal Years Ending June 30, 2010 and June 30, 2009

Statement of Cash Flows

Statement of Cash Flows	<u>2010</u>	<u>2009</u>
Cash Provided by (Used in):		
Operating activities	\$ (7,715,603)	\$ (7,004,086)
Noncapital financing activities	7,505,088	6,170,975
Capital and related financing activities	172,305	19,694
Investing activities	<u>86,320</u>	<u>102,885</u>
Net Increase (Decrease) in Cash	48,110	(710,532)
Cash and Cash Equivalents - Beginning of Year	<u>-</u>	<u>710,532</u>
Cash and Cash Equivalents - End of Year	<u>\$ 48,110</u>	<u>\$ -</u>

Total WCA **cash and cash equivalents** increased to \$48,110 at June 30, 2010. Operating activities include cash flows associated with sales and services, grants and contracts, and operating expenses. Non-capital financing activities include direct operating support from the University and gifts. Capital and related financing activities include payments for purchase or construction of capital assets and transfers for capital projects from the University. Net cash provided by investing activities consists primarily of endowment income distributions.

Economic Factors That Will Affect the Future

The national and local economic climates continue to present challenges for the center as it does for all non-profits, especially in the arts and cultural field. Some local arts organizations have merged together and others have pursued economies of scale by consolidating back-of-house administration. The Wexner Center has been able to maintain a solid financial position through careful budget planning, regular fiscal reviews throughout the year, strategic cost-containment measures, and its diversified funding base. These financial practices and protocols will continue in the coming fiscal year.

Each year, the Wexner Center works diligently to secure private contributions from local, national and international corporations and foundations, and individuals residing in central Ohio and well beyond. These private funds along with earned and investment income streams are augmented by steady public support from The Ohio State University and other public agencies to sustain the Wexner Center and its wide range of programs. The center has been very fortunate over the years to have not only established but to have sustained a diversified financial base, which has led to a relative degree of fiscal health even in the current economically challenging climate.

Wexner Center for the Arts
Management's Discussion and Analysis
Fiscal Years Ending June 30, 2010 and June 30, 2009

In past years, the Wexner Center has been successful in reaching many of its annual development and income goals. In FY10 contributed income was maintained, and overall income was aided by modest increases in earned income from circulation fees and performing arts performances. Going forward, management is conscious of the importance of growing all revenue streams.

The FY11 annual fall corporate campaign, which was slightly down in FY10, has rebounded and finished above goal this fall for FY11. Mid-year, contributed income from individual, corporate and foundation sources is on track with prior years and current fiscal plans. Even so, the Wexner Center is taking a conservative outlook regarding the current local, state, and national economic climates and their potential impact of decreased public and/or private funding. The center has reduced its discretionary, non-mission critical expenditures and increased its cash reserves. While many factors remain outside of the center's control, regular budget review meetings at both the board and staff levels will continue throughout the year, providing a system of safeguards and regular assessments of the center's fiscal position. Based on what is now known about FY11 and beyond, management is confident that the Wexner Center will maintain its stable financial position.

**The Ohio State University
Wexner Center for the Arts
Statements of Net Assets
As of June 30, 2010 and 2009**

	2010	2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 48,110	\$ -
Accounts receivable	118,409	100,233
Contributions receivable	1,007,896	2,284,449
Inventories and prepaid expenses	706,569	699,368
Total current assets	1,880,984	3,084,050
NON-CURRENT ASSETS:		
Endowments in OSU long-term investment pool	3,153,949	2,830,903
Property, plant & equipment, net	40,988,814	43,063,053
Total non-current assets	44,142,763	45,893,956
TOTAL ASSETS	46,023,747	48,978,006
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	\$ 551,206	\$ 117,419
Due university	-	1,986,795
Accrued salary and wages	29,770	24,542
Deposits and deferred revenues	48,976	19,892
Accrued vacation and sick leave - current	21,458	25,797
Total current liabilities	651,410	2,174,445
Accrued vacation and sick leave - long term	319,188	310,057
TOTAL LIABILITIES	970,598	2,484,502
NET ASSETS:		
Invested in capital assets	40,988,814	43,063,053
Restricted - nonexpendable	3,153,949	2,830,903
Restricted - expendable	2,017,966	495,294
Unrestricted	(1,107,580)	104,254
TOTAL NET ASSETS	\$ 45,053,149	\$ 46,493,504

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

The Ohio State University
Wexner Center for the Arts
Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
OPERATING REVENUES:		
Sales and services	\$ 1,773,682	\$ 1,845,753
Grants and contracts	483,033	105,742
Total operating revenues	2,256,715	1,951,495
 OPERATING EXPENSES:		
Salaries	4,442,715	4,419,680
Employee Benefits	1,463,635	1,528,436
Fees paid to performers and artists	480,370	416,175
Supplies and services	3,995,622	4,266,733
University overhead charges	37,490	44,065
Depreciation	<u>2,275,936</u>	<u>2,279,917</u>
Total operating expenses	<u>12,695,768</u>	<u>12,955,006</u>
OPERATING LOSS	(10,439,053)	(11,003,511)
 NON-OPERATING REVENUES AND EXPENSES:		
University appropriations	4,161,847	4,147,457
Gifts	4,053,483	3,299,995
Endowment income distributions	177,111	178,655
Investment income	232,255	(1,124,495)
Transfers from University for capital projects	<u>374,002</u>	<u>134,075</u>
CHANGE IN NET ASSETS	(1,440,355)	(4,367,824)
NET ASSETS -- Beginning of Year	<u>46,493,504</u>	<u>50,861,328</u>
NET ASSETS -- End of Year	\$ <u>45,053,149</u>	\$ <u>46,493,504</u>

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

**The Ohio State University
Wexner Center for the Arts
Statements of Cash Flows
For the Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities:		
Grant and contract receipts	\$ 483,033	\$ 105,742
Receipts for sales and services	1,784,591	1,858,078
Payments to or on behalf of employees	(4,437,487)	(4,412,486)
University employee benefit payments	(1,458,844)	(1,501,848)
Payments to artists and performers	(480,370)	(416,175)
Payments to vendors for supplies and services	<u>(3,606,527)</u>	<u>(2,637,397)</u>
Net cash used by operating activities	(7,715,603)	(7,004,086)
Cash Flows from Noncapital Financing Activities:		
University appropriations	4,161,847	4,147,457
Gifts	<u>3,343,241</u>	<u>2,023,518</u>
Net cash provided by noncapital financing activities	7,505,088	6,170,975
Cash Flows from Capital Financing Activities:		
Payments for purchase or construction of capital assets	(201,697)	(114,381)
Transfers from University for capital projects	<u>374,002</u>	<u>134,075</u>
Net cash provided by capital financing activities	172,305	19,694
Cash Flows from Investing Activities:		
Income and dividends received	<u>86,320</u>	<u>102,885</u>
Net cash provided by investing activities	86,320	102,885
Net Change in Cash	48,110	(710,532)
Cash and Cash Equivalents - Beginning of Year	-	710,532
Cash and Cash Equivalents - End of Year	<u>\$ 48,110</u>	<u>\$ -</u>
Reconciliation of Net Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Operating loss	\$ (10,439,053)	\$ (11,003,511)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	2,275,936	2,279,917
Changes in assets and liabilities:		
Accounts receivable, net	(18,176)	2,897
Inventories and prepaid expenses	(7,201)	(225,029)
Accounts payable	433,787	1,898,431
Accrued salary and wages	5,229	7,193
Deposits and deferred credits	29,085	9,427
Compensated absences	<u>4,791</u>	<u>26,588</u>
Net cash used by operating activities	<u>\$ (7,715,603)</u>	<u>\$ (7,004,086)</u>

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

**THE OHIO STATE UNIVERSITY
WEXNER CENTER FOR THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2010 and June 30, 2009**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING & REPORTING POLICIES

Entity

Wexner Center for the Arts (WCA) is a part of The Ohio State University (the University) financial reporting entity. The financial statements of the University contain more extensive disclosure of the significant accounting policies of the University as a whole.

Basis of Presentation

WCA complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. WCA reports as a special purpose government engaged solely in “business type activities” under GASB Statement No. 34. GASB Statement Nos. 20 and 34 provide WCA the option of electing to apply FASB pronouncements issued after November 30, 1989. WCA has elected not to apply those pronouncements.

GASB Statement No. 34 requires that resources be classified for accounting and reporting purposes into the following net assets 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 – Net assets subject to externally imposed stipulations that they be maintained permanently by WCA.

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

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

It is WCA’s policy to apply restricted resources first when an expense is incurred for which both restricted and unrestricted net assets are available.

**THE OHIO STATE UNIVERSITY
WEXNER CENTER FOR THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2010 and June 30, 2009**

Basis of Accounting

The financial statements of WCA have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they are considered to be a legal or contractual obligation to pay.

Cash

Cash of WCA is maintained by the University which commingles the funds with other University-related organizations.

Endowment Investments

All investments consist of amounts invested in The Ohio State University Long Term Investment Pool and are recorded at fair value. The University's Office of Financial Services commingles the funds with other University-related organizations. Earned investment income is allocated to each organization based on its share of the total funds invested at the beginning of each year. Investments are carried at market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The net change in the value of investments during 2010 and 2009 is a gain of \$263,058 and a loss of \$1,124,495, respectively. These amounts take into account all changes in fair value (including purchases and sales) that occurred during each respective year.

The calculation of realized gain or loss is independent of the calculation of the net increase in fair value of investments. As of June 30, 2010, there is a cumulative unrealized loss on investments of \$696,812. As of June 30, 2009, there was a cumulative unrealized loss on investments of \$964,662. Investment income from endowment investments is unrestricted by the donors, and as such becomes a part of unrestricted net assets.

Contributions Receivable

Contributions receivable of \$1,007,896 and \$2,284,449, as of June 30, 2010 and 2009, respectively, consist of contributions received by the University's Development Office but not transferred to the operating accounts of the WCA. Amounts are deemed fully collectible.

Inventory

Inventories consist primarily of textbooks, educational materials and merchandise sold by the WCA bookstore and are stated at cost on the first-in-first-out (FIFO) basis.

**THE OHIO STATE UNIVERSITY
WEXNER CENTER FOR THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2010 and June 30, 2009**

Capital Assets

Capital assets with a unit cost of over \$3,000 are recorded at cost at date of acquisition, or, if donated, at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset. WCA does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are not encumbered or sold for financial gain. Consequently, such collections are not recognized in the financial statements.

Revenue Recognition

All revenues from programmatic sources are considered to be operating revenues. Included in operating revenues are sales and service revenues generated from artist performance shows, exhibitions and merchandise sales. Included in non-operating revenues are University support, investment income, and gifts. Gift revenues are recorded upon receipt from donors. Grant funds are recorded as revenues when the grant's contractual requirements have been met. The principal expendable restricted resources of the WCA are current-use gifts and endowment income distributions.

Support from the Wexner Center Foundation

The Wexner Center Foundation is a private, nonprofit partner of The Ohio State University Board of Trustees established for the overall purpose of advancing the interests of the WCA. Its primary role is to provide trustee guidance and sustained support for WCA programming. The Foundation provided \$3,931,859 and \$2,375,859 of direct support to the WCA for the years ended June 30, 2010 and 2009, respectively. This support is included in gift revenues on the Statement of Revenues, Expenses and Changes in Net Assets.

Donated Facilities and Administrative Support from The Ohio State University

The University charges the WCA for allocated overhead costs associated with sales of goods and services. In addition, the University provides certain donated facilities and administrative services, which are not reflected in the WCA's revenues and expenses.

**THE OHIO STATE UNIVERSITY
WEXNER CENTER FOR THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2010 and June 30, 2009**

Management Estimates

The preparation of financial statements in conformity with accounting principles, generally accepted in the United States of America, requires the use of management estimates, primarily related to compensated absences and the collectibility of receivables. Actual results could differ from those estimates.

Net Assets

GASB Statement No. 34 reports equity as “net assets” rather than “fund balance.” Net assets are classified according to external donor restrictions or availability of assets for satisfaction of WCA’s obligations. Nonexpendable restricted net assets are gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net assets represent funds that have been gifted for specific purposes.

NOTE 2: CASH AND INVESTMENTS

The cash balance as of June 30, 2010 consists of pooled funds which are held and managed by the University’s Office of Financial Services. Endowment investments represent WCA’s share of pooled investment funds.

The following summarizes pooled shares and related values as of June 30, 2010:

Name of Fund	Number of Shares	Cost	Market Value
Haas, Carl Fund	34.49	\$ 155,130	\$ 176,351
Long, Ethel Manley	9.67	35,000	49,423
McKitrick Family Fund	0.40	1,511	2,060
Tappen Endowed Fund	2.62	15,000	13,401
Wexner Center Programs	5.33	25,000	27,278
Arnold SA Maint WCA	4.90	32,500	25,073
Fnd-Duke Performing Arts	384.97	2,539,431	1,968,355
Glimcher D&H Program Fd	17.64	100,000	90,210
Goldberg RiteRug WCA Prog	10.80	60,120	55,204
Lambert Family Lecture	79.92	522,198	408,648
Director's Dialogue	7.37	50,000	37,697
Fung Family Wexner Ctr	43.91	250,000	224,536
Fnd-Tuckerman Child	2.73	25,000	13,968
Wexner Ctr Education End Fd	12.08	70,675	61,745
Total		\$ 3,881,564	\$ 3,153,949

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The following summarizes pooled shares and related values as of June 30, 2009:

Name of Fund	Number of Shares	Cost	Market Value
Haas, Carl Fund	34.49	\$ 155,130	\$ 162,441
Long, Ethel Manley	9.67	35,000	45,525
McKitrick Family Fund	0.40	1,511	1,898
Tappen Endowed Fund	2.62	15,000	12,344
Wexner Center Programs	5.33	25,000	25,126
Arnold SA Maint WCA	4.62	31,000	21,746
Fnd-Duke Performing Arts	384.97	2,539,431	1,813,101
Glimcher D&H Program Fd	17.64	100,000	83,094
Lambert Family Lecture	75.81	500,819	357,035
Director's Dialogue	7.11	50,000	34,723
Fung Family Wexner Ctr	43.91	250,000	206,826
Fnd-Tuckerman Child	2.73	25,000	54,176
Wexner Ctr Education End Fd	11.50	67,675	12,866
Total		\$ 3,795,565	\$ 2,830,903

Total endowment investments by investment type at June 30, 2010 and 2009 are as follows:

	2010	2009
Common stock	\$ 527,167	\$ 405,143
Equity mutual funds	79,909	431,796
U. S. government obligations	10,885	29,744
U. S. government agency obligations	1,938	83,784
Repurchase agreements	1,687	-
Corporate bonds and notes	129,870	166,780
Bond mutual funds	202,218	237,865
International bonds	-	869
Real estate	-	-
Partnerships and hedge funds	2,065,450	1,220,307
Cash in trust	134,825	254,615
Total	\$ 3,153,949	\$2,830,903

Statement No. 3 as amended by Statement No. 40 of the Government Accounting Standards Board requires the disclosure of essential risk information about deposits and investments. The disclosure requirements cover four main areas: credit risk, interest rate and investment maturity, interest rate sensitivity and foreign exchange exposure.

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

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The maturities of the WCA's interest-bearing investments at June 30, 2010 are as follows:

	Investment Maturities (in years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U. S. government obligations	\$ 10,885	-	-	-	\$ 10,885
U. S. agency obligations	1,938	-	\$ 1,002	\$ 936	-
Repurchase agreements	1,687	\$ 1,687	-	-	-
Corporate bonds	129,870	558	34,677	85,466	9,169
Bond mutual funds	202,218	12,979	87,497	83,271	18,471
International bonds	-	-	-	-	-
Total	<u>\$ 346,598</u>	<u>\$ 15,224</u>	<u>\$ 123,176</u>	<u>\$ 169,673</u>	<u>\$ 38,525</u>

The maturities of the WCA's interest-bearing investments at June 30, 2009 are as follows:

	Investment Maturities (in years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U. S. government obligations	\$ 29,744	-	\$ 8,973	\$ 15,386	\$ 5,385
U. S. agency obligations	83,784	\$ 5,693	912	25,901	51,278
Corporate bonds	166,780	2,467	35,182	114,304	14,827
Bond mutual funds	237,865	(7,599)	105,328	115,835	24,301
International bonds	869	-	-	869	-
Total	<u>\$ 519,042</u>	<u>\$ 561</u>	<u>\$ 150,395</u>	<u>\$ 272,295</u>	<u>\$ 95,791</u>

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

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The credit ratings of the WCA's interest-bearing investments at June 30, 2010 are as follows:

Credit Rating (S&P)	Total	U. S.			Bond Mutual Funds	International Bonds
		Government and Agency Obligations	Repurchase Agreements	Corporate Bonds		
AAA	\$ 156,906	\$ 11,559	\$ 1,687	-	\$ 143,660	-
AA	29,513	-	-	\$ 11,862	17,651	-
A	71,306	-	-	54,801	16,505	-
BBB	80,158	1,264	-	59,181	19,713	-
BB	5,170	-	-	1,961	3,209	-
B	329	-	-	329	-	-
CCC	704	-	-	-	704	-
CC	-	-	-	-	-	-
C	-	-	-	-	-	-
Not Rated	2,512	-	-	1,736	776	-
Total	\$ 346,598	\$ 12,823	\$ 1,687	\$ 129,870	\$ 202,218	\$ -

The credit ratings of the WCA's interest-bearing investments at June 30, 2009 are as follows:

Credit Rating (S&P)	Total	U. S.			International Bonds
		Government and Agency Obligations	Corporate Bonds	Bond Mutual Funds	
AAA	\$ 295,702	\$ 113,528	\$ 5,752	\$176,422	-
AA	50,097	-	21,875	28,222	-
A	116,961	-	86,830	30,131	-
BBB	49,554	-	47,432	1,253	\$ 869
BB	6,678	-	4,841	1,837	-
B	-	-	-	-	-
CCC	-	-	-	-	-
CC	-	-	-	-	-
C	-	-	-	-	-
Not Rated	50	-	50	-	-
Total	\$ 519,042	\$ 113,528	\$ 166,780	\$ 237,865	\$ 869

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

At June 30, 2010, the WCA’s exposure to foreign currency risk is as follows:

Currency	Common Stock	Equity Mutual Funds	Bond Mutual Funds	Corporate Bonds	International Bonds	Private Equity
Australian dollar	\$ 3,947	-	\$ 881	\$ 2,212	-	\$ 36,979
Brazilian real	8,765	-	15,160	1	-	-
Canadian dollar	14,546	-	13,801	-	-	-
Chilean peso	-	-	-	-	-	-
Chinese yuan	-	-	-	-	-	-
Czech Republic koruna	1,368	-	-	-	-	-
Danish krone	1,630	-	-	-	-	-
Egyptian pound	1,359	-	-	-	-	-
Euro	52,562	-	24,657	-	-	21,313
Great Britain pound sterling	29,644	-	7,772	-	-	-
Hong Kong dollar	10,247	-	-	-	-	-
Hungarian forint	289	-	-	-	-	-
Indian rupee	4,386	-	-	-	-	-
Indonesian rupiah	5,887	-	-	-	-	-
Israeli shekel	885	-	-	-	-	-
Japanese yen	33,807	-	4,792	-	-	-
Jordanian dinar	-	-	-	-	-	-
Malaysian ringgit	324	-	-	-	-	-
Mexican peso	1,705	-	5,800	-	-	-
Moroccan dirham	-	-	-	-	-	-
New Taiwan dollar	10,033	-	-	-	-	-
New Zealand dollar	309	-	-	-	-	-
Norwegian kroner	2,324	-	-	-	-	-
Peruvian nuevo sol	-	-	-	-	-	-
Phillippine peso	-	-	-	-	-	-
Polish zloty	268	-	378	-	-	-
Russian ruble	-	-	-	-	-	-
Singapore dollar	1,595	-	-	-	-	-
South African rand	12,259	-	-	-	-	-
South Korean won	19,814	-	-	-	-	-
Swedish krona	5,466	-	-	-	-	-
Swiss franc	7,236	-	-	-	-	-
Thailand bhat	3,085	-	-	-	-	-
Turkish lira	2,150	-	-	-	-	-
Other currencies	-	-	-	-	-	-
Total	<u>\$ 235,890</u>	<u>\$ -</u>	<u>\$ 73,241</u>	<u>\$ 2,213</u>	<u>\$ -</u>	<u>\$ 58,292</u>

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At June 30, 2009, the WCA's exposure to foreign currency risk is as follows:

Currency	Common Stock	Equity Mutual Funds	Bond Mutual Funds	Corporate Bonds	International Bonds
Australian dollar	\$ 5,043	\$ 9,755	\$ 242	-	-
Brazilian real	3,922	4,073	1,930	-	-
Canadian dollar	12,903	13,341	958	-	-
Chilean peso	-	447	-	-	-
Chinese yuan	-	5,334	-	-	-
Danish krone	1,324	1,155	342	-	-
Egyptian pound	-	158	-	-	-
Euro	68,003	42,739	29,821	-	-
Great Britain pound sterling	37,837	28,006	3,226	-	-
Hong Kong dollar	12,616	3,208	-	-	-
Hungarian forint	474	171	-	-	-
Indian rupee	-	2,036	-	-	-
Indonesian rupiah	292	447	-	-	-
Israeli shekel	185	828	-	-	-
Japanese yen	45,616	32,141	18,739	-	-
Malaysian ringgit	572	828	-	-	-
Mexican peso	676	1,235	-	-	\$ 869
Moroccan dirham	-	118	-	-	-
New Taiwan dollar	5,155	3,219	-	-	-
New Zealand dollar	780	181	-	-	-
Norwegian kroner	3,637	988	104	-	-
Peruvian nuevo sol	-	158	-	-	-
Phillippine peso	-	131	-	-	-
Polish zloty	310	342	332	-	-
Russian ruble	-	1,734	-	-	-
Singapore dollar	2,673	1,877	-	-	-
South African rand	4,320	2,023	-	-	-
South Korean won	10,330	3,442	-	-	-
Swedish krona	4,619	3,292	270	-	-
Swiss franc	8,002	10,049	288	-	-
Thailand bhat	2,671	407	-	-	-
Turkish lira	-	381	-	-	-
Other currencies	-	262	-	-	-
Total	\$ 231,960	\$ 174,506	\$ 56,252	\$ -	\$ 869

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NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2010 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Non-depreciable assets:				
Construction in progress	\$ 209,206	374,002	(324,460)	\$ 258,747
Depreciable assets:				
Buildings	72,999,217	164,627	-	73,163,844
Furniture and Equipment	2,087,968	75,101	(1,061,153)	1,101,916
Total cost of depreciable assets	<u>75,087,185</u>	<u>239,728</u>	<u>(1,061,153)</u>	<u>74,265,759</u>
Total cost of capital assets	75,296,391	613,729	(1,385,614)	74,524,506
Less accumulated depreciation	<u>32,233,338</u>	<u>2,276,276</u>	<u>(973,922)</u>	<u>33,535,692</u>
Net capital assets	<u>\$ 43,063,053</u>	<u>(1,662,546)</u>	<u>(411,692)</u>	<u>\$ 40,988,814</u>

Capital assets activity for the year ended June 30, 2009 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Non-depreciable assets:				
Construction in progress	\$ 558,000	134,075	(482,869)	\$ 209,206
Depreciable assets:				
Buildings	72,578,051	421,166	-	72,999,217
Furniture and Equipment	2,056,692	42,010	(10,734)	2,087,968
Total cost of depreciable assets	<u>74,634,743</u>	<u>463,176</u>	<u>(10,734)</u>	<u>75,087,185</u>
Total cost of capital assets	75,192,743	597,251	(493,603)	75,296,391
Less accumulated depreciation	<u>29,964,154</u>	<u>2,279,917</u>	<u>(10,734)</u>	<u>32,233,338</u>
Net capital assets	<u>\$ 45,228,589</u>	<u>(1,682,666)</u>	<u>(482,869)</u>	<u>\$ 43,063,053</u>

The following estimated useful lives are used to compute depreciation:

Type of Asset	Estimated Useful Life
Buildings	20 to 40 years
Equipment and furniture	5 to 15 years

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NOTE 4: RETIREMENT PLAN

All WCA employees are employees of the University and are covered by either the Ohio Public Employees Retirement System (OPERS), Ohio State Teachers Retirement System (STRS Ohio) or the Alternative Retirement Plan (ARP). Employees may opt out of OPERS or STRS Ohio and participate in the ARP if they meet certain eligibility requirements.

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

Defined Benefit Plans

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

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

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

Defined Contribution Plans

ARP is a defined contribution pension plan. Full-time administrative and professional staff and faculty may choose enrollment in ARP in lieu of OPERS or STRS Ohio. Classified civil service employees hired on or after August 1, 2005 are also eligible to participate in ARP. ARP does not provide disability benefits, annual cost-of-living adjustments, postretirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

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

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

Combined Plans

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

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

Funding Policy

ORC provides STRS Ohio and OPERS statutory authority to set employee and employer contributions. Contributions equal to those required by STRS Ohio and OPERS are required for ARP. For employees enrolling in ARP, ORC requires a portion (which may be revised pursuant to periodic actuarial studies) of the employer contribution be contributed to STRS Ohio and OPERS to enhance the stability of these plans. The required contribution rates (as a percentage of covered payroll) for plan members and the University are as follows:

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	STRS Ohio	OPERS	ARP
Faculty:			
Plan member (entire year)	10.00%		10.00%
WCA (entire year)	14.00%		14.00%*
Staff:			
Plan member (entire year)		10.00%	10.00%
WCA (entire year)		14.00%	14.00%**

* Employer contributions include 3.5% paid to STRS Ohio.

** Employer contributions include .77% paid to OPERS.

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

WCA's contributions, which represent 100% of required employer contributions, for the year ended June 30, 2010 and for each of the two preceding years are as follows:

Year Ended June 30,	STRS Ohio Annual Required Contribution	OPERS Annual Required Contribution	ARP Annual Required Contribution
2008	\$ -	\$ 381,403	\$ 154,324
2009	\$ 7,582	\$ 425,932	\$ 176,014
2010	\$ 10,480	\$ 413,168	\$ 189,257

NOTE 5: OTHER POSTEMPLOYMENT BENEFITS

OPERS also provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is also available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, *Disclosure of Information of Postemployment Benefits other than Pension Benefits by State and Local Government Employers*. A portion of each contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions to OPERS. For OPERS' fiscal year ended December 31, 2009, OPERS allocated 7.00% (January 1 through March 31) and 5.5% (April 1 through December 31) of the employer contribution rate to fund the health care program for retirees. These rates are the actuarially determined contribution requirement for OPERS. Postemployment health care benefits are not guaranteed by ORC to be covered under OPERS.

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The assumptions and calculations used in determining employer rates and allocations to cover health care costs are based on OPERS' latest actuarial review performed as of December 31, 2008. Key assumptions are as follows:

- The individual entry age normal 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 annually, not to exceed a 12% corridor.
- The investment assumption rate for 2008 was 6.50%.
- An annual increase of 4.00% compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.
- Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 3% for the next 6 years. In subsequent years (7 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

OPEB are advance-funded on an actuarially determined basis. The Traditional Pension and Combined Plans had 357,584 active contributing participants as of December 31, 2009. The number of active contributing participants for both plans used in the December 31, 2008, actuarial valuation was 356,388. The amount of employer contributions used to fund post-employment benefits is estimated to be \$162,334 (based on multiplying actual contributions by .3929). As of December 31, 2008, the actuarial value of the Retirement System's net assets available for OPEB was \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.6 billion and \$18.9 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs. In 2005, OPERS created a separate investment pool for health care assets. In addition, member and employer contribution rates increased as of January 1, 2006, 2007, 2008 and 2009.

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

OPEB are not available to retirees enrolled in the OPERS member-directed plan or the ARP.

STRS Ohio currently provides access to health care coverage to retirees who participated in the deferred benefit or combined plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to ORC, STRS Ohio has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of monthly premiums. Under ORC, medical costs paid from the funds of STRS Ohio are included in the employer contribution rate. For the fiscal year ended June 30, 2009, STRS Ohio allocated employer contributions equal to 1.0% of covered payroll to a Health Care Stabilization Fund (HCSF) from which payments for health care benefits are paid. The balance in the HCSF was \$2.7 billion at June 30, 2009.

STRS Ohio expenditures for postemployment health care benefits during the year ended June 30, 2009 were \$298.1 million. There were 129,659 benefit recipients eligible for postemployment benefits at that date.

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

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NOTE 6: ACCRUED COMPENSATION AND COMPENSATED ABSENCES

The WCA employees earn vacation and sick leave on a monthly basis. Classified civil service employees may accrue vacation benefits up to a maximum of three years credit. Administrative and professional staff and faculty may accrue vacation benefits up to a maximum of 240 hours. For all classes of employees, any earned but unused vacation benefit is payable upon termination. Sick leave may be accrued without limit. However, earned but unused sick leave benefits are payable only upon retirement from the University with ten or more years of state service. The amount of sick leave benefit payable at retirement is one fourth of the accrued but unused sick leave up to a maximum of 240 hours.

WCA follows the University’s policy for accruing sick leave liability. WCA accrues a sick leave liability for those employees who are currently eligible to receive termination payments along with other employees who are expected to become eligible to receive such payments. This liability is calculated using the “termination payment method” which is set forth in Appendix C, Example 4 of the GASB Statement No. 16, *Accounting for Compensated Absences*.

Under the termination method, WCA utilizes the University’s calculated rate, Sick Leave Termination Cost Per Year Worked, that is based on the University’s actual historical experience of sick leave payouts to terminated employees. This ratio is then applied by WCA to the total year-of-service for WCA current employees.

Accrued salaries were \$29,770 and \$24,542 as of June 30, 2010 and 2009, respectively. Accrued vacation and sick leave liabilities were \$340,646 and \$335,854 as of June 30, 2010 and 2009, respectively.

Long term debt related to accrued compensated liabilities as of June 30, 2010 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated absences	\$ 335,854	\$ 4,792	\$ -	\$ 340,646
	335,854	\$ 4,792	\$ -	340,646
Less: Current portion	25,797			21,458
	<u>\$ 310,057</u>			<u>\$ 319,188</u>

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Long term debt related to accrued compensated liabilities as of June 30, 2009 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated absences	\$ 309,266	\$ 26,588	\$ -	\$ 335,854
	309,266	\$ 26,588	\$ -	335,854
Less: Current portion	24,950			25,797
	<u>\$ 284,316</u>			<u>\$ 310,057</u>

NOTE 7: UNIVERSITY SUPPORT

The operations of WCA are supported in part by the general revenues of the University. The University provides for the general operating costs of WCA operations, including capital projects of WCA. The University's direct support amounted to \$4,535,849 and \$4,281,532 for the years ended June 30, 2010 and 2009, respectively.

NOTE 8: OPERATING LEASE OBLIGATION

WCA leases office space under an agreement with a 5 year occupancy term covering the period March 1, 2009 through February 28, 2014. Future minimum rental payments for this lease as of June 30, 2010 are as follows:

Year Ending June 30,	
2011	\$ 123,396
2012	123,396
2013	123,396
2014	<u>82,264</u>
Total minimum lease payments	<u>\$ 452,452</u>

Rental expense charged to operations was \$143,998 and \$123,396 for the years ended June 30, 2010 and 2009, respectively.

WCA leases apartment space for visiting artists under an agreement with a 1 year occupancy term covering the period November 1, 2008 through October 31, 2009. This lease was renewed for the period November 1, 2009 through August 20, 2010.

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Future minimum rental payments for this lease as of June 30, 2010 are as follows:

Year Ending June 30, 2011	980
Total minimum lease payments	<u>\$ 980</u>

Rental expense charged to operations was \$4,410 and \$4,680 for the years ended June 30, 2010 and 2009, respectively.

WCA, as a lessor, leases space used as a café to a tenant under a tentative agreement with a 5 year occupancy term covering the period September 25, 2006 through December 31, 2012. Future minimum rental payments for this lease as of June 30, 2010 are as follows:

Year Ending June 30, 2011	\$ 19,500
2012	19,500
2013	9,750
Total minimum lease payments	<u>\$ 48,750</u>

Rental income received to operations was \$11,420 and \$12,431 for the years ended June 30, 2010 and 2009, respectively.

**The Ohio State University
Wexner Center for the Arts
Supplemental Schedule of Net Assets
Elimination of Effect of Building Contributed Capital Investment
As of June 30, 2010**

	Audited Balances 2010	Elimination of Building Contributed Capital Investment	Adjusted Valuation 2010
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 48,110		\$ 48,110
Accounts receivable	118,409		118,409
Contributions receivable	1,007,896		1,007,896
Inventories and prepaid expenses	706,569		706,569
	<hr/>		<hr/>
Total current assets	1,880,984		1,880,984
NON-CURRENT ASSETS:			
Endowments in OSU long-term investment pool	3,153,949		3,153,949
Property, plant & equipment, net	40,988,814	(40,529,539)	459,275
	<hr/>	<hr/>	<hr/>
Total non-current assets	44,142,763		3,613,224
	<hr/>		<hr/>
TOTAL ASSETS	\$ 46,023,747	(40,529,539)	\$ 5,494,208
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable	\$ 551,206		\$ 551,206
Due university	-		-
Accrued salary and wages	29,770		29,770
Deposits and deferred revenues	48,976		48,976
Accrued vacation and sick leave - current	21,458		21,458
	<hr/>		<hr/>
Total current liabilities	651,410		651,410
Accrued vacation and sick leave - long term	319,188		319,188
	<hr/>		<hr/>
TOTAL LIABILITIES	970,598		970,598
	<hr/>		<hr/>
NET ASSETS:			
Invested in capital assets	40,988,814	(40,529,539)	459,275
Restricted - nonexpendable	3,153,949		3,153,949
Restricted - expendable	2,017,966		2,017,966
Unrestricted	(1,107,580)		(1,107,580)
	<hr/>	<hr/>	<hr/>
TOTAL NET ASSETS	45,053,149	(40,529,539)	4,523,610
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 46,023,747	(40,529,539)	\$ 5,494,208
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**The Ohio State University
Wexner Center for the Arts
Supplemental Schedule of Revenues, Expenses and Changes in Net Assets
Elimination of Effect of Building Contributed Capital Investment
For the Year Ended June 30, 2010**

	Audited Balances 2010	Elimination of Building Contributed Capital Investment	Adjusted Valuation 2010
OPERATING REVENUES:			
Sales and services	\$ 1,773,682	-	\$ 1,773,682
Grants and contracts	483,033	-	483,033
Total operating revenues	2,256,715	-	2,256,715
OPERATING EXPENSES:			
Salaries	4,442,715	-	4,442,715
Employee Benefits	1,463,635	-	1,463,635
Fees paid to performers and artists	480,370	-	480,370
Supplies and services	3,995,622	-	3,995,622
University overhead charges	37,490	-	37,490
Depreciation	2,275,936	(2,229,125)	46,811
Total operating expenses	12,695,768	(2,229,125)	10,466,643
OPERATING LOSS	(10,439,053)	(2,229,125)	(8,209,928)
NON-OPERATING REVENUES AND EXPENSES:			
University appropriations	4,161,847	-	4,161,847
Gifts	4,053,483	-	4,053,483
Endowment income distributions	177,111	-	177,111
Investment income	232,255	-	232,255
Transfers from University for capital projects	374,002	(164,626)	209,376
INCREASE (DECREASE) IN NET ASSETS	(1,440,355)	(2,064,499)	624,144
NET ASSETS -- Beginning of Year	46,493,504	(42,594,038)	3,899,466
NET ASSETS -- End of Year	\$ 45,053,149	(40,529,539)	\$ 4,523,610

**The Ohio State University
Wexner Center for the Arts
Supplemental Schedule of Net Assets
Elimination of Effect of Building Contributed Capital Investment
As of June 30, 2009**

	Audited Balances 2009	Elimination of Building Contributed Capital Investment	Adjusted Valuation 2009
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ -		\$ -
Accounts receivable	100,233		100,233
Contributions receivable	2,284,449		2,284,449
Inventories and prepaid expenses	699,368		699,368
Total current assets	3,084,050		3,084,050
NON-CURRENT ASSETS:			
Endowments in OSU long-term investment pool	2,830,903		2,830,903
Property, plant & equipment, net	43,063,053	(42,594,039)	469,014
Total non-current assets	45,893,956	(42,594,039)	3,299,917
TOTAL ASSETS	\$ 48,978,006	(42,594,039)	\$ 6,383,967
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable	\$ 117,419		\$ 117,419
Due university	1,986,795		1,986,795
Accrued salary and wages	24,542		24,542
Deposits and deferred revenues	19,892		19,892
Accrued vacation and sick leave - current	25,797		25,797
Total current liabilities	2,174,445		2,174,445
Accrued vacation and sick leave - long term	310,057		310,057
TOTAL LIABILITIES	2,484,502		2,484,502
NET ASSETS:			
Invested in capital assets	43,063,053	(42,594,039)	469,014
Restricted - nonexpendable	2,830,903		2,830,903
Restricted - expendable	495,294		495,294
Unrestricted	104,254		104,254
TOTAL NET ASSETS	46,493,504	(42,594,039)	3,899,465
TOTAL LIABILITIES AND NET ASSETS	\$ 48,978,006	(42,594,039)	\$ 6,383,967

**The Ohio State University
Wexner Center for the Arts
Supplemental Schedule of Revenues, Expenses and Changes in Net Assets
Elimination of Effect of Building Contributed Capital Investment
For the Year Ended June 30, 2009**

	Audited Balances 2009	Elimination of Building Contributed Capital Investment	Adjusted Valuation 2009
OPERATING REVENUES:			
Sales and services	\$ 1,845,753		\$ 1,845,753
Grants and contracts	105,742		105,742
Total operating revenues	1,951,495		1,951,495
OPERATING EXPENSES:			
Salaries	4,419,680		4,419,680
Employee Benefits	1,528,436		1,528,436
Fees paid to performers and artists	416,175		416,175
Supplies and services	4,266,733		4,266,733
University overhead charges	44,065		44,065
Depreciation	2,279,917	(2,214,480)	65,437
Total operating expenses	12,955,006	(2,214,480)	10,740,526
OPERATING LOSS	(11,003,511)	2,214,480	(8,789,031)
NON-OPERATING REVENUES AND EXPENSES:			
University appropriations	4,147,457	(421,166)	3,726,291
Gifts	3,299,995		3,299,995
Endowment income distributions	178,655		178,655
Investment income	(1,124,495)		(1,124,495)
Transfers from University for capital projects	134,075		134,075
INCREASE (DECREASE) IN NET ASSETS	(4,367,824)	1,793,314	(2,574,510)
NET ASSETS -- Beginning of Year	50,861,328	(44,387,353)	6,473,975
NET ASSETS -- End of Year	46,493,504	(42,594,039)	3,899,465

**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***

The Ohio State University
Wexner Center for the Arts

We have audited the financial statements of Wexner Center for the Arts (WCA), which is a part of The Ohio State University, as of and for the year ended June 30, 2010 and 2009, and have issued our report thereon dated December 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 WCA'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 WCA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of WCA'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 the 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 WCA'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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the use of the management, The Ohio State University and the Ohio Auditor of State and is not intended to be and should not be used by anyone other than those specified parties.

Farms & Company, LLC

December 21, 2010

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Dave Yost • Auditor of State

WEXNER CENTER OF THE ARTS

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 8, 2011