



SINGLE AUDIT REPORT

Bowling Green State University
Years Ended June 30, 2013 and 2012
With Report of Independent Auditors

Ernst & Young LLP



Bowling Green State University

Single Audit Report

Years Ended June 30, 2013 and 2012

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Management, Audit Committee, and Board of Directors

Report on the Financial Statements

We have audited the accompanying financial statements of Bowling Green State University, a component unit of the State of Ohio, and its aggregate discretely presented component units as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Bowling Green State University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Bowling Green State University and its aggregate discretely presented component units, as of June 30, 2013 and 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis on pages 4–14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Bowling Green State University's basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of expenditures of federal awards has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated October 11, 2013 on our consideration of the Bowling Green State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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* in considering Bowling Green State University's internal control over financial reporting and compliance.

Ernst + Young LLP

October 11, 2013

Bowling Green State University

Management's Discussion and Analysis

Overview of the Financial Statements and Financial Analysis

This section of the Bowling Green State University (University) annual financial report presents management's discussion and analysis of the financial performance of the University during the fiscal years ended June 30, 2013, 2012 and 2011. This discussion provides an overview of the University's financial activities and should be read in conjunction with the accompanying financial statements and footnotes.

Using the Annual Financial Statement

This annual report consists of financial statements, prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The financial statements prescribed by GASB Statement No. 35 (the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows) present financial information in a form similar to that used by corporations. They are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

Under the provision of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, the Bowling Green State University Foundation, Inc. (the Foundation) and Centennial Falcon Properties, Inc. and Subsidiaries (the Corporation) have been determined to be component units of the University. Accordingly, the Foundation and the Corporation are discretely presented in the University's financial statements. The Foundation and the Corporation are excluded from Management's Discussion and Analysis. Complete financial statements for the Foundation can be obtained from the Assistant Vice President for Advancement Services/Controller at Mileti Alumni Center, Bowling Green, Ohio 43403. Complete financial statements for the Corporation can be obtained from the Vice President, 230 McFall Center, Bowling Green, Ohio 43403.

The Statement of Net Position includes all assets and liabilities. Over time, an increase or decrease in net position (the difference between assets and liabilities) is one indicator of the improvement or erosion of the University's financial health when considered with non-financial facts such as enrollment levels and the condition of facilities.

Bowling Green State University

Management's Discussion and Analysis (continued)

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. A public university's dependency on state aid and gifts typically results in operating deficits because the financial reporting model classifies state appropriations and gifts as nonoperating revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, non-capital financing, capital financing and related investing activities, and helps measure the ability of the institution to meet financial obligations as they mature.

Noteworthy Financial Activity

The University continues its long term planning initiatives to improve capital facilities and related infrastructure. Following the issuance of long-term debt during fiscal year 2010 (2010 Series A and B), the University successfully completed a performing arts facility (The Wolfe Center for the Arts), a replacement convocation center (the Stroh Center), a number of major residence hall renovations and major infrastructure projects.

As approved by the University's Board of Trustees during fiscal year 2012, the University began a significant planning phase of capital renewal within the academic core of campus, including renovations in four of the campus' oldest, historical classroom buildings. These projects, as well as various other smaller projects and renovations have begun, and the work is slated to occur over the course of the next five to seven years.

The University's financial position, as a whole, improved during the fiscal year ended June 30, 2013 as compared to the previous year; key contributing factors are identified below:

- The University's total net position increased over the prior year by \$11.7 million. Total current assets increased by \$1.8 million overall, and is primarily attributable to an increase in investments of \$9.8 million due to favorable market value performance in 2013, offset by a decrease in cash of \$6.9 million due to the 2013 retroactive salary and benefits payments in accordance with the new faculty union contract (\$3.6 million), and an increase in 2013 health insurance claims paid (\$2.8 million). An additional offset was a decrease in inventory of \$1.7 million due to a planned reduction. Total non-current assets increased in total by \$4.3 million; contributing factors include: a decrease of \$14.3 million in restricted investments attributable to the drawdown of bond proceeds for construction projects, offset by an increase of \$19.1 million in net capital assets relating

Bowling Green State University

Management's Discussion and Analysis (continued)

to various construction projects including the Stroh Center, Falcon Landing renovations, Learning Commons (Library) renovations, roofing projects, various residential hall improvements, and infrastructure projects including south tunnel renovations and HCT roadways.

- Total liabilities decreased by \$5.6 million from the prior year. Long-term debt and other obligations decreased in total by \$6.1 million. The decrease in payments on long term debt of \$11.6 million is offset by an increase of \$5.5 million representing the long-term balance on a new capital lease for digital telecommunication equipment. Total current liabilities remained fairly consistent with prior year.
- The University's total net position is \$487.6 million, compared to the prior year of \$475.9 million, for an increase of \$11.7 million. The overall increase is primarily attributable to investments in capital assets. Of the total net assets, \$332.0 million is invested in either capital assets or is restricted. Of the remaining \$155.6 million in unrestricted net assets, \$109.6 million has been designated or allocated for specific academic, research and support purposes, reserves, and quasi-endowments.
- Total operating revenue increased by \$3.9 million and is primarily attributed to student tuition and fees, whereby a 2.5% tuition rate increase in the fall of 2012 is the contributing factor. Total operating expenses increased by \$9.0 million. The increase is primarily attributable to increases in salaries and benefits, in addition to faculty union contract retroactive salary increases. Increases in maintenance and repairs for both operations and maintenance of plant and auxiliary enterprises also contribute to the increases in total operating expenses.
- Non-operating revenues increased by \$1.5 million over the prior year due to the following:
 - Reduction in state appropriations of \$3.3 million.
 - Reduction in non-exchange grants and contracts of \$3.3 million primarily due to funding reductions in Pell grant funds.

Bowling Green State University

Management's Discussion and Analysis (continued)

- Increase in net investment income of \$9.1 million over the prior year due to the overall investment market appreciation of \$8.5 million in 2013, and a \$605 thousand recovery of the previous write-down of its investment in the Westridge Capital Management Fund.
- Total other changes in net position decreased by \$1.1 million due to a reduction in State capital appropriations in 2013 of \$3.7 million, offset by an increase of \$2.6 million increase in restricted support for the Physical Sciences building capital project.

Bowling Green State University Condensed Statement of Net Position as of June 30, 2013, 2012 and 2011 (in thousands)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Assets			
Current assets	\$ 216,663	\$ 214,850	\$ 216,749
Non-current assets:			
Capital assets	412,787	393,711	381,342
Other	30,783	45,548	50,222
Total non-current assets	<u>443,570</u>	<u>439,259</u>	<u>431,564</u>
Total assets	<u>660,233</u>	<u>654,109</u>	<u>648,313</u>
Liabilities			
Current liabilities	51,213	50,669	50,795
Non-current liabilities	121,438	127,555	137,983
Total liabilities	<u>172,651</u>	<u>178,224</u>	<u>188,778</u>
Net position			
Invested in capital assets, net of related debt	311,293	300,564	288,510
Restricted, expendable	20,716	23,030	1,558
Unrestricted	155,573	152,291	169,467
Total net position	<u>\$ 487,582</u>	<u>\$ 475,885</u>	<u>\$ 459,535</u>

Bowling Green State University

Management's Discussion and Analysis (continued)

2013 versus 2012:

At June 30, 2013, total University assets were \$660.2 million, compared to \$654.1 million at June 30, 2012. The University's largest asset is its investment in capital assets of \$412.8 million at June 30, 2013 compared to \$393.7 million at June 30, 2012.

In fiscal year 2013, the University's current assets of \$216.7 million were sufficient to cover current liabilities of \$51.4 million (current ratio of 4.2). In fiscal year 2012, the University's current assets of \$214.9 million were sufficient to cover current liabilities of \$50.7 million (current ratio of 4.2). Cash balances reflected a total decrease of \$6.9 million in 2013 over the prior year balance and is primarily attributable to the 2013 retroactive salary and benefits payments in accordance with the new faculty union contract (\$3.6 million), and an increase in 2013 health insurance claims paid (\$2.8 million). At June 30, 2013, University investments were \$188.1 million, or 28.5% of total assets, and increased by \$9.8 million in 2013 primarily due to market appreciation. Capital assets (net of depreciation) of \$412.8 million represent 62.5% of the University's total assets.

University liabilities totaled \$172.7 million at June 30, 2013, 26.1% of total assets and \$5.6 million less than the prior year. Total current liabilities remained relatively comparable to the prior year. Long-term debt and other obligations decreased overall by \$6.1 million in 2013 attributable to annual principal payments on outstanding debt of \$11.6 million, offset by \$5.5 million in long-term debt for a new capital equipment lease entered into in 2013.

Total net position increased by \$11.7 million to \$487.6 million in 2013 and is overall attributable to the ongoing investment in capital assets. Unrestricted net assets total \$155.6 million in 2013 of which \$109.6 million was designated or allocated for specific ongoing academic, research and support purposes, reserves, and quasi-endowments.

Bowling Green State University

Management's Discussion and Analysis (continued)

2012 versus 2011:

At June 30, 2012, total University assets were \$654.1 million, compared to \$648.3 million at June 30, 2011. The University's largest asset is its investment in capital assets of \$393.7 million at June 30, 2012 compared to \$381.3 million at June 30, 2011.

In fiscal year 2012, the University's current assets of \$214.9 million were sufficient to cover current liabilities of \$50.7 million (current ratio of 4.2). In fiscal year 2011, the University's current assets of \$216.7 million were sufficient to cover current liabilities of \$50.8 million (current ratio of 4.3). Cash balances reflected a total increase of \$3.7 million in 2012 compared to a decrease of \$11.4 million in 2011. The 2012 increase is attributable to fluctuations in normal business operations at a point in time. Related to the 2011 increase, approximately \$8.0 million of the increase was due to the investment strategy of utilizing a greater rate of return through service credits in the operating cash accounts in 2011 versus money market holdings in the investment accounts as in the prior year. Other differences (increase of \$3.4 million) were due to the timing differences in the year-end cutoff for accounts payable accruals compared to the prior year. At June 30, 2012, University investments were \$178.3 million, or 27.3% of total assets, and decreased by \$4.4 million in 2012 due primarily to market depreciation. Capital assets (net of depreciation) of \$393.7 million represent 60.2% of the University's total assets.

University liabilities totaled \$178.2 million at June 30, 2012, 27.2% of total assets and \$10.5 million less than the prior year. Total current liabilities remain relatively comparable between 2012 and 2011. Long-term debt and other obligations decreased overall by \$10.4 million in 2012 due to the annual principal payments on outstanding debt.

Total net position increased by \$16.3 million to \$475.9 million in 2012 and is overall attributable to the ongoing investment in capital assets. Unrestricted net assets totaled \$152.3 million in 2012 of which \$111.7 million was designated or allocated for specific ongoing academic, research and support purposes, reserves, and quasi-endowments.

Bowling Green State University

Management's Discussion and Analysis (continued)

Bowling Green State University Condensed Statement of Revenues, Expenses and Changes in Net Assets as of June 30, 2013, 2012 and 2011 (in thousands)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Operating revenues:			
Student tuition and fees	\$ 148,142	\$ 144,086	\$ 138,649
Auxiliary enterprises	74,147	73,044	72,508
Grants and contracts	15,862	16,418	16,172
Sales and service	3,490	4,041	4,778
Other operating revenues	3,824	3,938	6,840
Total operating revenues	<u>245,465</u>	<u>241,527</u>	<u>238,947</u>
Operating expenses:			
Educational and general	273,071	266,073	271,038
Auxiliary enterprises	74,715	71,902	72,168
Other expenses	4,436	5,269	1,096
Total operating expenses	<u>352,222</u>	<u>343,244</u>	<u>344,302</u>
Operating loss	<u>(106,757)</u>	<u>(101,717)</u>	<u>(105,355)</u>
Non-operating revenues (expenses):			
State appropriations	71,545	74,833	77,598
Other non-operating revenues and expenses	37,642	32,851	82,127
Total non-operating revenues	<u>109,187</u>	<u>107,684</u>	<u>159,725</u>
Income before other changes	2,430	5,967	54,370
Capital appropriations, grants and gifts	<u>9,267</u>	<u>10,383</u>	<u>16,905</u>
Change in net assets	11,697	16,350	71,275
Net assets at the beginning of the year	<u>475,885</u>	<u>459,535</u>	<u>388,260</u>
Net assets at the end of year	<u>\$ 487,582</u>	<u>\$ 475,885</u>	<u>\$ 459,535</u>

Bowling Green State University

Management's Discussion and Analysis (continued)

2013 versus 2012:

The most significant sources of operating revenues for the University are tuition and fees of \$148.1 million, an increase of \$4.1 million, or 2.8% over 2012. During 2013, the University had a 2.5% rate increase for undergraduate tuition and general fees, and experienced slight decreases in both undergraduate and graduation level enrollments. Another significant source, Auxiliary Enterprises, had revenue of \$74.1 million in 2013 and reflects an increase over the prior year of \$1.1 million and is primarily attributable to increases in Athletic revenues from additional game guarantees compared to the prior year.

Total operating expenditures of \$352.2 million increased overall by \$9.0 million, or 2.6% over 2012. Education and General expenses consisting of instruction, research, public services, academic support, student services and institutional support comprise the majority of the total operating expense increase and primarily results from increases in salaries and benefits including retroactive salary increases resulting from the new faculty union contract. Increases in maintenance and repairs for both operations and maintenance of plant and auxiliary enterprises contribute to the increases in total operating expenses.

State appropriations, the most significant source of non-operating revenue, totaled \$71.5 million in the current year, reflecting a decrease of \$3.3 million, or 4.4% over 2012, the direct result of state subsidy reductions. A reduction in non-exchange grants and contracts of \$3.3 million was experienced in 2013 primarily due to funding reductions in Pell grant funds. Overall investment market appreciation in 2013 resulted in an increase in related investment income during the year of \$9.1 million. During 2013, the University realized an investment income recovery of \$605 thousand from the previous write-down in 2009 of its investment in the Westridge Capital Management Fund. In 2011, a \$12.0 million recovery was received. Recovery of the remaining \$1.6 million is uncertain at this time.

Bowling Green State University

Management's Discussion and Analysis (continued)

2012 versus 2011:

The most significant sources of operating revenues for the University are tuition and fees of \$144.1 million, an increase of \$5.4 million, or 3.9% over 2011. Auxiliary Enterprises remained comparable between 2012 and 2011. During 2012, the University had a 3.5% rate increase for undergraduate tuition and general fees, and slight undergraduate enrollment increases. Graduate tuition was down during the year due to lower graduate enrollments, offset by the associate scholarships and fee waiver expenses.

Total operating expenditures of \$343.2 million decreased overall by \$1.1 million, or 0.4% in 2012. Education and General expenses consisting of instruction, research, public services, academic support, student services and institutional support reflect an overall decrease in operating expenses of \$2.9 million and is the result of reductions in salaries and benefits, printing costs, supplies, minor equipment and consulting expenses. The decreases in Education and General expenses are offset by increases in operations, maintenance of plant and other expenses.

State appropriations, the most significant non-operating revenue, totaled \$74.8 million in 2012, reflecting a decrease of \$2.8 million, or 3.6% over 2011. A reduction in non-exchange grants and contracts of \$4.5 million was experienced in 2012 due to funding reductions in Pell grant funds (\$2.4 million), Academic Competitive Grants (\$1.3 million), and Ohio College Opportunity Grant (\$600 thousand). Net investment income reflected a decrease in 2012 over 2011 of \$18.7 million. Of this decrease, \$6.4 million is related to overall investment market depreciation, and \$12.3 million is due to the University recovery in 2011 of a previous write-down of its investment in the Westridge Capital Management Fund.

Capital Assets and Debt Administration

At June 30, 2013, the University had \$412.8 million of capital assets, net of accumulated depreciation of \$355.4 million, compared to \$393.7 million of net capital assets for the prior fiscal year. The charges for depreciation and amortization included in the Statement of Revenues, Expenses, and Changes in Net Position were \$25.3 million for 2013 and \$25.7 million for 2012. Detailed information about the University's capital assets is presented in the Notes to the Financial Statements.

Bowling Green State University

Management's Discussion and Analysis (continued)

During 2012, the University issued \$21,515,000 General Receipts Refunding Bonds, Series 2012, with an interest rate of 1.92% over the scheduled redemption period ending June 1, 2019. The proceeds partially advanced refunded \$8,635,000 of the General Receipt Bonds, Series 2003 and \$10,855,000 of the General Receipt Bonds, Series 2004, for a total advanced refund of \$19,490,000. The proceeds were deposited into an irrevocable trust fund with an escrow agent to provide future debt service payments on the General Receipts Refunding Bonds, Series 2012. As a result, the refunded portion of the General Receipts Refunding Bonds, Series 2012 is considered to be defeased in substance and the liability for the 2003 and 2004 bonds has been removed from the balance sheet. The balance of debt issuance defeased in prior years that was outstanding as of June 30, 2012 was \$8,090,000.

In 2010, the University issued approximately \$77.4 million in new debt for the purpose of constructing a replacement convocation center, replacing, renovating or refreshing several residence halls, installation of the University's first significant energy conservation systems, parking lot renovations, and a number of other smaller facility renovations such as roofs and mechanical system upgrades. Construction continued on these various projects during 2011, 2012 and 2013, with a number of major projects being completed in 2012 and 2013, and several others nearing completion.

Economic Factors That Will Affect the Future

The University's ability to successfully fulfill its mission and execute its strategic plan is directly influenced by enrollment, legislative restrictions on tuition, changes in state support, and the cost of employee compensation, health care, and utilities.

The economic position of the University is closely tied to the economic condition of the state, as all state universities in Ohio receive state financial support for both operations and capital improvements through appropriations by the legislature. These appropriations contribute substantially to the successful maintenance and operation of the University. The economic outlook for the state of Ohio has generally trended positive over the course of the past year with improvements in the State's unemployment rates exceeding the improvement in the national unemployment rates.

Bowling Green State University

Management's Discussion and Analysis (continued)

In October 2011, the University's Board of Trustees approved the planning, programming and schematic design work supporting an upcoming \$200 million reinvestment in core academic buildings on the Bowling Green campus. Extensive space planning and programming is underway and some initial interior classroom renovations have already been completed. Larger, complete building renovation projects will be phased over the next five to seven years with initial interior space demolitions beginning in calendar year 2014. Ohio's next capital bill (FY15-16) will be considered in early calendar 2014 and is expected to provide additional resources to assist in funding this large scale renovation effort.

The University continues to identify ways to improve undergraduate student retention and success. Beginning fall 2014, new freshman will be grouped into smaller cohort groups and enrolled together in a series of linked courses during the fall and spring semester. Simultaneously, immersive and connected educational experiences will be provided in their residence halls.

Bowling Green State University

Statements of Net Position

	June 30	
	2013	2012
Assets		
Current assets:		
Cash	\$ 10,203,957	\$ 17,143,299
Investments	188,088,007	178,312,972
Accounts receivable, net	12,925,553	12,099,934
Inventories	1,978,891	3,703,925
Notes receivable	1,406,421	1,223,104
Prepaid and other assets	2,060,040	2,367,357
Total current assets	216,662,869	214,850,591
Noncurrent assets:		
Restricted investments	22,909,938	37,247,566
Cash surrender value of life insurance and annuities	414,164	411,300
Notes receivable	7,458,547	7,889,415
Capital assets, net	412,787,467	393,711,067
Total noncurrent assets	443,570,116	439,259,348
Total assets	660,232,985	654,109,939
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	19,779,192	23,420,623
Unearned revenue	11,681,204	9,657,741
Deposits	1,263,241	569,228
Current portion of long-term debt and other obligations	18,489,226	17,021,783
Total current liabilities	51,212,863	50,669,375
Noncurrent liabilities:		
Long-term debt and other obligations	121,437,772	127,555,291
Total liabilities	172,650,635	178,224,666
Net position		
Invested in capital assets, net of related debt	311,292,666	300,564,247
Restricted for expendable:		
Loans	1,843,377	1,493,900
Capital projects	18,873,046	21,535,822
Unrestricted	155,573,261	152,291,304
Total net position	\$ 487,582,350	\$ 475,885,273

See accompanying notes.

Bowling Green State University

Statements of Revenues, Expenses, and Changes in Net Position

	Year Ended June 30	
	2013	2012
Revenues		
Operating revenues:		
Student tuition and fees (net of scholarship allowances of \$60,690,597 for 2013 and \$63,179,368 for 2012)	\$ 148,142,241	\$ 144,085,852
Federal grants and contracts	8,173,333	8,126,747
State grants and contracts	1,572,328	2,022,916
Local grants and contracts	358,394	233,025
Nongovernmental grants and contracts	5,757,294	6,034,751
Sales and services of educational departments	3,489,877	4,041,205
Auxiliary enterprises (net of scholarship allowances of \$2,381,323 for 2013 and \$2,493,842 for 2012)	74,147,444	73,044,270
Other operating revenues	3,823,873	3,938,055
Total operating revenues	245,464,784	241,526,821
Expenses		
Operating expenses:		
Educational and general		
Instruction	125,472,730	122,181,237
Research	7,747,942	7,049,041
Public services	4,893,910	5,355,030
Academic support	27,313,882	24,421,416
Student services	16,712,483	16,356,230
Institutional support	26,375,438	26,571,232
Operations and maintenance of plant	20,105,987	17,420,459
Depreciation and amortization	25,307,583	25,701,564
Student aid	19,141,252	21,016,208
Auxiliary enterprises	74,714,579	71,902,210
Other expenses	4,435,948	5,269,399
Total operating expenses	352,221,734	343,244,026
Operating loss	(106,756,950)	(101,717,205)
Nonoperating revenues (expenses):		
State appropriations	71,544,942	74,832,924
Non-exchange grants and contracts	29,915,475	33,192,366
Investment income, net	11,351,198	2,854,653
Investment income, recovery	605,458	-
Interest on capital asset-related debt	(3,372,917)	(1,901,298)
In-kind support – Centennial Falcon Properties, Inc.	(856,800)	(1,294,582)
Net nonoperating revenues	109,187,356	107,684,063
Income before other changes	2,430,406	5,966,858
Other changes:		
Capital appropriations	4,770,401	8,457,786
Capital grants and gifts	4,496,270	1,937,118
Capital contribution to Centennial Falcon Properties, Inc. and subsidiaries	-	(11,865)
Total other changes	9,266,671	10,383,039
Change in net position	11,697,077	16,349,897
Net position		
Net position at the beginning of year	475,885,273	459,535,376
Net position at the end of year	\$ 487,582,350	\$ 475,885,273

See accompanying notes.

Bowling Green State University

Statements of Cash Flows

	Year Ended June 30	
	2013	2012
Operating activities		
Tuition and fees	\$ 149,736,728	\$ 149,115,707
Research grants and contracts	15,955,096	15,865,806
Payments to vendors for supplies and services	(97,209,742)	(96,144,273)
Payments to employees and benefits	(212,083,733)	(202,886,532)
Payments for scholarships and fellowships	(19,141,252)	(21,016,208)
Student loans granted, net of repayments	142,655	(565,464)
Agency payments to Centennial Falcon Properties, Inc.	(8,375,398)	(8,002,850)
Auxiliary enterprises	82,157,391	80,623,386
Sales and services of educational departments	3,489,877	4,041,205
Other receipts	4,116,996	1,450,238
Net cash used in operating activities	<u>(81,211,382)</u>	<u>(77,518,985)</u>
Noncapital financing activities		
State appropriations	71,544,942	74,832,924
Direct lending receipts	138,370,335	142,985,050
Direct lending disbursements	(137,925,160)	(143,034,591)
Grants received for other than capital purposes	29,915,475	33,192,366
In-kind support – Centennial Falcon Properties	(856,800)	(1,294,582)
Net cash provided by noncapital financing activities	<u>101,048,792</u>	<u>106,681,167</u>
Capital financing activities		
Capital appropriations	4,770,401	8,457,786
Capital grants received	4,496,270	1,937,118
Purchases of capital assets	(42,800,261)	(34,917,533)
Principal paid on long-term debt	(11,554,041)	(29,345,000)
Interest paid on long-term debt	(4,780,395)	(5,006,170)
Capital contribution to Centennial Falcon Properties, Inc. and subsidiaries	–	(11,865)
Proceeds from capital debt	6,595,039	20,994,390
Net cash used in capital financing activities	<u>(43,272,987)</u>	<u>(37,891,274)</u>
Investing activities		
Proceeds from sales and maturities of investments	60,770,620	85,426,629
Purchase of investments	(49,998,383)	(77,710,070)
Investment income	5,723,998	4,711,021
Net cash provided by investing activities	<u>16,496,235</u>	<u>12,427,580</u>
Net (decrease) increase in cash	<u>(6,939,342)</u>	<u>3,698,488</u>
Cash at beginning of year	17,143,299	13,444,811
Cash at end of year	<u>\$ 10,203,957</u>	<u>\$ 17,143,299</u>

Bowling Green State University

Statements of Cash Flows (continued)

	Year Ended June 30	
	2013	2012
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (106,756,950)	\$ (101,717,205)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	25,307,583	25,701,564
Amortization of bond premium	(233,031)	(1,737,421)
Changes in assets and liabilities:		
Accounts receivable, net	(835,574)	2,987,881
Inventories	1,725,034	(922,640)
Other assets	307,316	(781,396)
Accounts payable and accrued liabilities	(3,609,704)	(46,661)
Unearned revenue	2,023,463	(704,050)
Deposits held for others	248,838	(162,862)
Compensated absences	364,092	353,352
Loans to students	247,551	(489,547)
Net cash used in operating activities	\$ (81,211,382)	\$ (77,518,985)

See accompanying notes.

The Bowling Green State University Foundation, Inc. and Subsidiary

Consolidated Statements of Financial Position

	June 30	
	2013	2012
Assets		
Current assets:		
Cash	\$ 656,907	\$ 822,589
Contributions receivable, net of allowance for uncollectible contributions (<i>Note 2</i>)	<u>4,517,408</u>	5,537,103
Total current assets	<u>5,174,315</u>	6,359,692
Investments (<i>Notes 1 and 3</i>):		
Corporate bond funds	40,202,457	41,391,355
Mutual funds	48,414,407	42,429,171
Alternative investments	23,091,502	18,255,665
Corporate stocks	7,525,186	6,683,402
Money market funds	<u>1,338,094</u>	1,500,734
Total investments	<u>120,571,646</u>	110,260,327
Prepaid and other assets	214,104	289,105
Long-term contributions receivable, net of allowance for uncollectible contributions (<i>Note 2</i>)	4,011,739	5,274,697
Cash value of life insurance (<i>Note 4</i>)	<u>1,400,328</u>	1,484,704
Total assets	<u>\$ 131,372,132</u>	<u>\$ 123,668,525</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 354,864	\$ 331,354
Total current liabilities	<u>354,864</u>	331,354
Annuities payable (<i>Note 1</i>)	<u>1,677,591</u>	1,769,014
Total liabilities	<u>2,032,455</u>	2,100,368
Net assets (<i>Notes 1, 6, 7, and 8</i>):		
Unrestricted	3,543,745	1,721,052
Temporarily restricted	47,035,461	42,529,153
Permanently restricted	<u>78,760,471</u>	77,317,952
Total net assets	<u>129,339,677</u>	121,568,157
Total liabilities and net assets	<u>\$ 131,372,132</u>	<u>\$ 123,668,525</u>

See accompanying notes.

The Bowling Green State University Foundation, Inc. and Subsidiary

Consolidated Statement of Activities

Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support, revenue, and gains				
Contributions and gifts (net) (Note 2)	\$ 401,604	\$ 5,409,935	\$ 758,985	\$ 6,570,524
Interest and dividends	442,567	2,168,531	-	2,611,098
Net realized and unrealized gains (losses) (Note 3)	1,351,543	6,409,284	-	7,760,827
Other revenue (Note 8)	1,450,215	(497,377)	96,518	1,049,356
Transfers (Note 7)	-	(587,016)	587,016	-
Net assets released from restriction (Note 6)	8,397,049	(8,397,049)	-	-
Total support, revenue, and gains	<u>12,042,978</u>	<u>4,506,308</u>	<u>1,442,519</u>	<u>17,991,805</u>
Expenses				
Program services	8,556,259	-	-	8,556,259
Fund-raising	925,525	-	-	925,525
Operating	738,501	-	-	738,501
Total expenses	<u>10,220,285</u>	<u>-</u>	<u>-</u>	<u>10,220,285</u>
Change in net assets	1,822,693	4,506,308	1,442,519	7,771,520
Net assets at beginning of year	1,721,052	42,529,153	77,317,952	121,568,157
Net assets at end of year (Note 8)	<u>\$ 3,543,745</u>	<u>\$ 47,035,461</u>	<u>\$ 78,760,471</u>	<u>\$ 129,339,677</u>

See accompanying notes.

The Bowling Green State University Foundation, Inc. and Subsidiary

Consolidated Statement of Activities

Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support, revenue, and gains				
Contributions and gifts (net) (Note 2)	\$ 504,183	\$ 7,614,567	\$ 2,226,104	\$ 10,344,854
Interest and dividends	429,933	1,927,627	-	2,357,560
Net realized and unrealized gains (losses) (Note 3)	383,598	(1,829,855)	-	(1,446,257)
Other revenue (Note 8)	1,385,662	(54,857)	49,585	1,380,390
Transfers (Note 7)	-	(619,671)	619,671	-
Net assets released from restriction (Note 6)	9,450,118	(9,450,118)	-	-
Total support, revenue, and gains	<u>12,153,494</u>	<u>(2,412,307)</u>	<u>2,895,360</u>	<u>12,636,547</u>
Expenses				
Program services	9,728,682	-	-	9,728,682
Fund-raising	1,181,802	-	-	1,181,802
Operating	844,615	-	-	844,615
Total expenses	<u>11,755,099</u>	<u>-</u>	<u>-</u>	<u>11,755,099</u>
Change in net assets	398,395	(2,412,307)	2,895,360	881,448
Net assets at beginning of year	1,322,657	44,941,460	74,422,592	120,686,709
Net assets at end of year (Note 8)	<u>\$ 1,721,052</u>	<u>\$ 42,529,153</u>	<u>\$ 77,317,952</u>	<u>\$ 121,568,157</u>

See accompanying notes.

Centennial Falcon Properties, Inc. and Subsidiaries

Consolidated Statements of Financial Position

	June 30	
	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,377,170	\$ 1,146,574
Funds held by trustee – current portion	985,776	872,376
Other receivable, net of allowance for doubtful accounts of \$4,402 in 2013 and \$3,562 in 2012	43,564	35,954
Prepaid expense	18,456	14,175
Total current assets	2,424,966	2,069,079
Other assets:		
Funds held by trustee – net of current portion	12,499,703	10,902,760
Capital assets, net	85,149,975	89,021,720
Bond issuance and discount costs, net of accumulated amortization of \$376,179 in 2013 and \$252,848 in 2012	2,608,204	2,731,535
Total other assets	100,257,882	102,656,015
Total assets	\$ 102,682,848	\$ 104,725,094
Liabilities and net assets		
Short-term liabilities:		
Accounts payable	\$ 18,162	\$ 24,767
Payroll liabilities	19,050	16,049
Unearned income	42,559	24,291
Accrued interest payable	390,776	392,376
Accrued expenses	124,113	119,025
Accrued construction costs payable	163,860	72,366
Bonds and construction payable – current portion	1,451,800	1,336,800
Total short-term liabilities	2,210,320	1,985,674
Long-term liabilities:		
Bonds payable – net of current portion	80,215,000	80,810,000
Construction funding payable – net of current portion	14,745,389	15,602,189
Total long-term liabilities	94,960,389	96,412,189
Total liabilities	97,170,709	98,397,863
Net assets:		
Unrestricted	3,512,139	4,327,231
Temporarily restricted	2,000,000	2,000,000
Total net assets	5,512,139	6,327,231
Total liabilities and net assets	\$ 102,682,848	\$ 104,725,094

See accompanying notes.

Centennial Falcon Properties, Inc. and Subsidiaries

Consolidated Statement of Activities

Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
Revenues:			
Operating revenue	\$ 8,333,056	\$ –	\$ 8,333,056
Total revenues	<u>8,333,056</u>	<u>–</u>	<u>8,333,056</u>
Expenses:			
Payroll, benefits, and taxes	508,473	–	508,473
Management fees	245,212	–	245,212
Operating and administrative	99,253	–	99,253
Interior unit expenses	58,863	–	58,863
Insurance	66,896	–	66,896
Common area expenses	44,929	–	44,929
Building maintenance	41,463	–	41,463
Professional fees	17,052	–	17,052
Bad debt expense	12,050	–	12,050
Marketing and advertising	9,342	–	9,342
Ground expenses	6,995	–	6,995
Trust administrative fees	3,339	–	3,339
Depreciation and amortization	2,995,752	–	2,995,752
Total operating expenses	<u>4,109,619</u>	<u>–</u>	<u>4,109,619</u>
Operating income	4,223,437	–	4,223,437
Nonoperating revenue (expense):			
Investment income	1,514	–	1,514
In-kind support from Bowling Green State University	856,800	–	856,800
Interest on capital asset-related debt	(4,706,913)	–	(4,706,913)
Depreciation expense	(1,189,930)	–	(1,189,930)
Net nonoperating loss	<u>(5,038,529)</u>	<u>–</u>	<u>(5,038,529)</u>
Other changes:			
Capital contributions from Bowling Green State University	–	–	–
Total other changes	<u>–</u>	<u>–</u>	<u>–</u>
Change in net assets	(815,092)	–	(815,092)
Net assets:			
Net assets at the beginning of year	4,327,231	2,000,000	6,327,231
Net assets at the end of year	<u>\$ 3,512,139</u>	<u>\$ 2,000,000</u>	<u>\$ 5,512,139</u>

See accompanying notes.

Centennial Falcon Properties, Inc. and Subsidiaries

Consolidated Statement of Activities

Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
Revenues:			
Operating revenue	\$ 8,018,075	\$ –	\$ 8,018,075
Total revenues	8,018,075	–	8,018,075
Expenses:			
Payroll, benefits, and taxes	410,284	–	410,284
Management fees	236,999	–	236,999
Operating and administrative	88,674	–	88,674
Interior unit expenses	47,417	–	47,417
Insurance	40,120	–	40,120
Common area expenses	25,273	–	25,273
Building maintenance	21,424	–	21,424
Professional fees	16,346	–	16,346
Trust administrative fees	6,808	–	6,808
Marketing and advertising	7,354	–	7,354
Ground expenses	7,919	–	7,919
Bad debt expense	3,562	–	3,562
Depreciation and amortization	2,610,113	–	2,610,113
Total operating expenses	3,522,293	–	3,522,293
Operating income	4,495,782	–	4,495,782
Nonoperating revenue (expense):			
Investment income	23,160	–	23,160
In-kind support from Bowling Green State University	1,294,582	–	1,294,582
Interest on capital asset-related debt	(4,324,237)	–	(4,324,237)
Depreciation expense	(1,356,686)	–	(1,356,686)
Net nonoperating loss	(4,363,181)	–	(4,363,181)
Other changes:			
Capital contributions from Bowling Green State University	11,865	–	11,865
Total other changes	11,865	–	11,865
Change in net assets	144,466	–	144,466
Net assets:			
Net assets at the beginning of year	4,182,765	2,000,000	6,182,765
Net assets at the end of year	\$ 4,327,231	\$ 2,000,000	\$ 6,327,231

See accompanying notes.

Bowling Green State University

Notes to Financial Statements

June 30, 2013 and 2012

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies

Nature of Operations

Bowling Green State University is an instrumentality of the state of Ohio that serves the state, national, and international communities by providing its students with opportunities in learning, leadership, and research by providing expert faculty, premier facilities, and modern resources.

Reporting Entity

Bowling Green State University (the University), founded in 1910, is a component unit of the state of Ohio as established by the General Assembly of the State of Ohio under Chapter 3341 of the Revised Code of the State of Ohio. The University offers degrees at the undergraduate, master's, and doctoral levels.

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include those activities and functions over which the University is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the University's ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the University.

Financial Statement Presentation

The accompanying financial statements consist of the University, Bowling Green State University Foundation, Inc. and subsidiary (collectively, the Foundation), and Centennial Falcon Properties, Inc. and subsidiaries (collectively, the Corporation). GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, requires the University to reflect the Foundation and the Corporation as discretely presented component units in the financial statements based on the significance of their respective relationships with the University. The Foundation and the Corporation are private nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards that have been codified in Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's or Corporation's financial information in the University's financial reporting entity for these differences.

Bowling Green State University

Notes to Financial Statements (continued)

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

The Foundation is a legally separate, tax-exempt component unit of the University. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The 36-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing and amount of receipts from the Foundation, the majority of resources or income the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used 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.

During the years ended June 30, 2013 and 2012, the Foundation distributed \$5,758,751 and \$5,856,253, respectively, to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Assistant Vice President for Advancement Services/Controller at Miletic Alumni Center, Bowling Green, Ohio 43403.

The Corporation is a legal, separate component unit of the University formed in 2010 as a nonprofit corporation under the laws of the state of Ohio and determined by the Internal Revenue Service to be exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. The Corporation was organized for the benefit of the University for various purposes, including acquiring, developing, and maintaining property to be used for University purposes. The University contributed \$0 and \$11,865 to the Corporation during the years ended June 30, 2013 and 2012, respectively. Complete financial statements for the Corporation can be obtained from the Vice President, McFall Center, Bowling Green, Ohio 43403.

CFP I LLC (CFP I) is a nonprofit single member limited liability company formed in 2010 under the laws of the state of Ohio. The Corporation organized CFP I specifically to develop, own, and manage certain housing for students of the University. The Corporation is the sole member of CFP I. On June 9, 2010, the city of Bowling Green, Ohio, issued \$81,610,000 Student Housing Revenue Bonds (Series 2010 Bonds) and loaned the proceeds of the Series 2010 Bonds to CFP I for the purpose of providing funds to finance the cost of acquiring, constructing, furnishing, and equipping a 1,318-bed, two-building student housing facility (the Series 2010 Project). Interest rates range from 3.0% to 6.0% over the scheduled redemption period of December 1, 2011 to June 1, 2045.

Bowling Green State University

Notes to Financial Statements (continued)

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

On May 3, 2010, CFP I entered into a Development Agreement with Capstone Development Corporation (the Developer) for the design, construction, and equipping of the Series 2010 Project to serve as residential housing for students at the University. The Developer completed the Series 2010 Project for occupancy in August 2011. In addition, CFP I and the University entered into a Management Agreement with Capstone On-Campus Management, LLC to manage, operate, and maintain the Series 2010 Project. This Management Agreement was effective July 1, 2011.

The Series 2010 Project was completed, and a permanent occupancy permit was granted August 1, 2011. The two-building housing facilities, Falcon Heights and Centennial Hall, were opened August 19, 2011.

The Corporation is also the sole member of CFP II LLC (CFP II). CFP II is a nonprofit single-member limited liability company formed in 2010 under the laws of the state of Ohio. On January 31, 2011, CFP II entered into a Project Agreement with Compass Group USA Inc., Chartwells Division (Chartwells). Chartwells was engaged to design, finance, construct, and equip a full-service dining facility on the main campus of the University, known as The Oaks dining facility (The Oaks). The Oaks replaced the existing McDonald Hall dining facility.

Pursuant to an Amended and Restated Food Service Agreement, dated June 25, 2010 (the Management Agreement), by and between Chartwells and the University, Chartwells has provided funds for The Oaks in the amount of \$10,350,000. The Corporation has provided funds of approximately \$23,000 and CFP II has provided funds of approximately \$1,125,000.

The Corporation is also the sole member of CFP III LLC (CFP III). CFP III is a nonprofit single-member limited liability company formed in 2010 under the laws of the state of Ohio. On May 12, 2011, CFP III entered into a Development Agreement with Capstone Development for the design, construction, and equipping of a full-service dining facility on the main campus of the University, known as Carillon Place dining facility (Carillon). Carillon replaced the existing Commons dining facility.

On March 31, 2011, CFP III entered into a funding agreement with the manager of The Oaks, Chartwells. Pursuant to an Amended and Restated Food Service Agreement dated June 25, 2010 (the Management Agreement), by and between Chartwells and the University, Chartwells has provided funds for the Project in the amount of \$6,062,000. The Corporation provided funds of approximately \$707,000, and CFP III has provided funds of approximately \$1,973,000.

Bowling Green State University

Notes to Financial Statements (continued)

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Chartwells funded a total of \$1,588,000 of minor construction upgrades and modernization of food service venues intended to be actively managed by Chartwells under contract and located in the University's student union, Kreischer, Founders and McDonald, on behalf of the Corporation. The necessary funding associated with these upgrades and associated debt repayment is contained in the Amended Food Service Management Agreement by and between Chartwells and the University.

Because the proceeds of the Series 2010 Bonds can be used only for the Series 2010 Project, the Chartwells funding for the Oaks and Carillon and minor construction upgrades can be used only for those specific projects, and the projects are for the exclusive benefit of the University. The Corporation is considered a component unit of the University and is discretely presented in the University's financial statements.

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government entity engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant interfund transactions have been eliminated.

The University follows all applicable GASB pronouncements. In addition, the University has the option to apply all FASB pronouncements that have been subsequently codified in ASC topics issued after November 30, 1989, unless FASB conflicts with GASB. The University has elected not to apply FASB pronouncements issued after the applicable date.

New Pronouncements

In 2013, The University adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 63, *Net Position and Deferred Inflows/Outflows*. The requirements of the Statements are effective for financial statements for periods beginning after June 15, 2012, and December 15, 2011, respectively.

Bowling Green State University

Notes to Financial Statements (continued)

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

GASB Statement No. 61 established improved financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The adoption of GASB No. 61 did not have an effect on the University’s financial statements.

GASB Statement No. 63 provides guidance on how to present deferred inflows and outflows in financial statements. The adoption of GASB Statement No. 63 did not have an effect on the University’s financial position or results of operations. The presentation of the “Statement of Net Assets” and the “Statement of Revenues, Expenses, and Changes in Net Assets” was modified to the “Statement of Net Position” and the “Statement of Revenues, Expenses and Changes in Net Position” in accordance with the standards.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes standards for the reclassification of certain items currently reported as assets and liabilities to be reported as deferred outflows of resources and deferred inflows of resources. Statement No. 65 is effective for fiscal periods beginning after December 15, 2012, and therefore will be adopted in the next fiscal year.

Cash and Cash Equivalents

The University considers funds immediately available to be cash and cash equivalents. Cash and cash equivalents totaled \$10,203,957 and \$17,143,299 at June 30, 2013 and 2012, respectively.

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University’s grants and contracts.

Bowling Green State University

Notes to Financial Statements (continued)

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Inventories

Inventories are stated at the lower of average cost or market (net realizable value).

Investments

All investments are stated at fair value in accordance with GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments in publicly traded securities are stated at fair value as established by major securities markets. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses, and changes in net position.

Limited partnerships, hedge funds, and collective equity funds are also included in investments and are not necessarily readily marketable. The components of the individual investments within these funds are not readily determinable. The estimated fair value is based on valuations provided by external investment managers. The valuation is based on independent appraisals and estimates that represent the net asset value of shares held by the University or based on periodic financial information (including annual audited financial statements) obtained from the funds. The University believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may significantly differ from the value that would have been used had a ready market for such investments existed.

Short-Term Investments

Short-term investments include highly liquid and short duration assets (maturities less than 90 days). These assets can be withdrawn on demand.

Restricted Investments

Restricted investments are assets that have been set aside for restricted purposes. Restricted investments include money markets and certificates of deposits.

Bowling Green State University

Notes to Financial Statements (continued)

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a cost of \$3,500 or more and an estimated useful life of greater than one year. Infrastructure and improvements other than to buildings are capitalized if the cost exceeds \$100,000. Routine repairs and maintenance are charged to operating expense in the year the expense is incurred. Interest cost related to construction is not expensed, but capitalized. Capitalized interest will be depreciated when the corresponding asset is placed in service.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings, 20 to 30 years for infrastructure and improvements, and 5 to 12 years for equipment. Library materials are capitalized and written off over 10 years.

Unearned Revenue

Unearned revenue includes amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Summer term revenue and expenditures are allocated to the appropriate accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences

University employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding their limitations are forfeited. The liability and expense incurred are recorded at year-end as long-term liabilities in the statements of net position and as a component of operating expense in the statements of revenues, expenses, and changes in net position.

Bowling Green State University

Notes to Financial Statements (continued)

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of revenue and general receipts bonds and notes payable with contractual maturities greater than one year, (2) estimated amounts for accrued compensated absences that will not be paid within the next fiscal year, and (3) federal student loan deposits.

Income Tax

The University, as an instrumentality of the state of Ohio, is excluded from federal income taxes under Section 115 of the Internal Revenue Code, as amended. Certain activities of the University may be subject to taxation as unrelated business income.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Eliminations

In preparing the financial statements, the University eliminates inter-fund assets and liabilities that would otherwise be reflected twice in the statements of net position. Similarly, revenues and expenses related to internal activities are also eliminated from the statements of revenues, expenses, and changes in net position.

Reclassification

Certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 presentation.

Bowling Green State University

Notes to Financial Statements (continued)

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Net Assets

The University's net assets are classified as follows:

Invested in capital assets, net of related debt: This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted for expendable: Restricted for expendable net assets include resources that the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties for loans, capital projects, and debt service.

Unrestricted: Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general obligations of the University and may be used at the discretion of the Board of Trustees to meet current expenses for any purpose. These resources also include auxiliary enterprises that are substantially self-supporting activities that provide services for students, faculty, and staff.

Temporarily restricted: Temporarily restricted net assets contain donor-imposed restrictions that permit the University to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the University.

Bowling Green State University

Notes to Financial Statements (continued)

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Permanently restricted: Permanently restricted net assets represent contributions received whereby the donors have stipulated that the corpus is to be maintained permanently but permit the University to use or expend part or all of the income for either specified or unspecified purposes. The unexpended income from these donated assets is classified as temporarily restricted net assets.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

Revenues

The University has classified its revenues as either operating or nonoperating according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of agency payments; and (3) most federal, state, and local grants and contracts.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of non-exchange transactions that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, such as state appropriations and investment income.

Auxiliary Enterprises

Auxiliary activities mainly represent revenues generated from certain residence halls and dining services, intercollegiate athletics, bookstore, and various other activities that provide services to the student body, faculty, staff, and general public.

Bowling Green State University

Notes to Financial Statements (continued)

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Subsequent Events

The University evaluated the effect of subsequent events through October 11, 2013, representing the date on which the financial statements were available to be issued. No recognized subsequent events were identified for recognition or disclosure in the financial statements or the accompanying notes to the financial statements.

2. Cash and Investments

Deposits

Amounts available for deposit at June 30, 2013 and 2012, are as follows:

	<u>2013</u>	<u>2012</u>
Cash (carrying amounts)	\$ 9,948,415	\$ 16,934,274
Reconciling items (net) to arrive at bank balances of deposit	<u>(994,286)</u>	<u>(1,087,491)</u>
Total available for deposit and investment (bank balances of deposits)	<u>\$ 8,954,129</u>	<u>\$ 15,846,783</u>

The carrying amount shown above does not include \$255,542 and \$209,025 held in cash funds at June 30, 2013 and 2012, respectively.

Any public depository, at the time it receives a University deposit or investment in a certificate of deposit, is required to pledge to the University as collateral eligible securities of aggregate market value that, when added to the portion of the deposit insured by the Federal Deposit Insurance Corporation, equals or exceeds the amount of University funds deposited. Of the bank balance, \$500,004 and \$500,018 at June 30, 2013 and 2012, respectively, was covered by federal depository insurance, and \$8,454,125 and \$15,346,765 at June 30, 2013 and 2012, respectively, was collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

Bowling Green State University

Notes to Financial Statements (continued)

2. Cash and Investments (continued)

Investments

The University's investment policy authorizes the University to invest operating funds. The University has no endowment funds in the following investments:

- Obligations of the U.S. Treasury and other federal agencies and instrumentalities
- Municipal and state bonds
- State Treasury Asset Reserve (STAR Ohio)
- Certificates of deposit (domestic and foreign)
- Repurchase agreements
- Mutual funds
- Commercial paper
- Banker's acceptances
- Corporate bonds and notes
- Common and preferred stock
- Real estate
- Collateralized mortgage obligations
- Collective equity funds
- Asset-backed securities
- Private equity funds
- Hedge fund

Bowling Green State University

Notes to Financial Statements (continued)

2. Cash and Investments (continued)

The University operates with a long-term investment goal of preserving the purchasing power of the principal in a diversified portfolio.

In 2013, all common stocks, corporate bonds, money market instruments, mutual funds, and other investments are invested through a trust agreement with JP Morgan Worldwide Securities Services, which is the custodian and money manager. In 2012, JP Morgan Worldwide Securities Services was the custodian for all funds managed by external money managers. Short-term investments with Huntington Bank are secured with internally designated securities as pledged to the University.

The University invests in STAR Ohio, an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission (the SEC) as an investment company but does operate in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2013.

A public depository may at its option pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. The current market value of the pool of securities so pledged together with the amount covered by federal insurance must be at least equal to 105% of all public monies on deposit with the depository.

The values of investments held by the University at June 30 are as follows:

	2013	2012
Equity mutual funds	\$ 131,469,062	\$ 117,051,069
Money market funds	31,537,095	38,564,621
U.S. government agency obligations	–	17,991,348
Municipal bonds	4,463,317	5,706,105
Common and preferred stocks	369,581	251,232
STAR Ohio	109,717	109,636
Alternative investments:		
Collective trust funds	24,066,125	24,532,599
Hedge funds	18,710,747	10,935,576
Limited partnerships	272,301	418,352
Total	\$ 210,997,945	\$ 215,560,538

Bowling Green State University

Notes to Financial Statements (continued)

2. Cash and Investments (continued)

The components of net investment income at June 30 are as follows:

	<u>2013</u>	<u>2012</u>
Interest and dividends, net	\$ 5,634,725	\$ 4,711,021
Net appreciation (depreciation) in market value of investments	<u>6,321,931</u>	<u>(1,856,368)</u>
Total	<u>\$ 11,956,656</u>	<u>\$ 2,854,653</u>

Net appreciation (depreciation) in the fair value of investments includes both realized and unrealized gains and losses on investments. During the years ended June 30, 2013 and 2012, the University realized a net gain from the sale of investments of \$1,565,987 and \$2,713,032, respectively. The calculation of realized gains and losses is independent of the net appreciation (depreciation) in the fair value of investments held at year-end. The net appreciation (depreciation) in the fair value of investments during the years ended June 30, 2013 and 2012, was \$6,321,931 and \$(1,856,368), respectively. This amount includes all changes in fair value, both realized and unrealized, that occurred during the year. The unrealized appreciation (depreciation) during the years ended June 30, 2013 and 2012, was \$4,755,944 and \$(4,569,400), respectively.

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.

Bowling Green State University

Notes to Financial Statements (continued)

2. Cash and Investments (continued)

As of June 30, 2013, the University had the following interest-bearing investments and maturities:

Investment Type	Fair Value	Less Than 1 Year	Less Than 1–5 Years	Less Than 6–10 Years	Greater Than 10 Years
U.S. government agency obligations	\$ –	\$ –	\$ –	\$ –	\$ –
Municipal bonds	4,463,317	20,433	88,049	48,085	4,306,750
STAR Ohio	109,717	109,717	–	–	–
Total	\$ 4,573,034	\$ 130,150	\$ 88,049	\$ 48,085	\$ 4,306,750

As of June 30, 2012, the University had the following interest-bearing investments and maturities:

Investment Type	Fair Value	Less Than 1 Year	Less Than 1–5 Years	Less Than 6–10 Years	Greater Than 10 Years
U.S. government agency obligations	\$ 17,991,348	\$ 17,991,348	\$ –	\$ –	\$ –
Municipal bonds	5,706,105	19,838	85,484	71,083	5,529,700
STAR Ohio	109,636	109,636	–	–	–
Total	\$ 23,807,089	\$ 18,120,822	\$ 85,484	\$ 71,083	\$ 5,529,700

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 the 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.

Bowling Green State University

Notes to Financial Statements (continued)

2. Cash and Investments (continued)

The credit ratings of the University's interest-bearing investments at June 30, 2013, are as follows:

Credit Rating (Standard & Poor's)	U.S. Government Obligations	Other Investments	Total
AAA	\$ —	\$ 109,717	\$ 109,717
AA+	—	—	—
AA	—	4,306,750	4,306,750
Not rated	—	156,567	156,567
Total	<u>\$ —</u>	<u>\$ 4,573,034</u>	<u>\$ 4,573,034</u>

The credit ratings of the University's interest-bearing investments at June 30, 2012, are as follows:

Credit Rating (Standard & Poor's)	U.S. Government Obligations	Other Investments	Total
AAA	\$ —	\$ 109,636	\$ 109,636
AA+	17,991,348	—	17,991,348
AA	—	5,529,700	5,529,700
Not rated	—	176,405	176,405
Total	<u>\$ 17,991,348</u>	<u>\$ 5,815,741</u>	<u>\$ 23,807,089</u>

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. The University facilitates several Study Abroad Programs in Austria, Spain, and France with a total cash balance of \$219,563 and \$204,512 at June 30, 2013 and 2012, respectively.

Bowling Green State University

Notes to Financial Statements (continued)

2. Cash and Investments (continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The University's investment in the State Treasurer's investment program that is not evidenced by securities that exist in physical or book entry form was \$109,717 and \$109,636 at June 30, 2013 and 2012, respectively. The remaining investments are uninsured and unregistered with securities held by the counterparty's trust department or agent in the University's name.

The values of investments held by the Foundation at June 30 are as follows:

	2013	2012
Corporate bonds funds	\$ 40,202,457	\$ 41,391,355
Mutual funds	48,414,407	42,429,171
Corporate stocks	7,525,186	6,683,402
Money market funds	1,338,094	1,500,734
Alternative investments:		
Fund of funds	12,361,159	12,288,665
Private investment	7,390,032	3,263,136
Real estate	3,340,311	2,703,864
Total	<u>\$ 120,571,646</u>	<u>\$ 110,260,327</u>

The Foundation realized a net gain from the sale of investment securities of \$1,024,152 and \$2,355,984 for the years ended June 30, 2013 and 2012, respectively. The net appreciation (depreciation) in the fair value of investments approximated \$6,736,675 and \$(3,802,241) for the years ended June 30, 2013 and 2012, respectively.

The Foundation has outstanding commitments to invest in various alternative investments at June 30, 2013 and 2012, amounting to approximately \$5,700,000 and \$4,700,000, respectively.

Bowling Green State University

Notes to Financial Statements (continued)

2. Cash and Investments (continued)

Foundation assets held in charitable remainder trusts principally consist of corporate stocks and corporate bonds and debentures. Unrealized gains (losses) of approximately \$109,000 and \$(50,000) at June 30, 2013 and 2012, respectively, and realized losses of approximately \$0 and \$(49,000) were recognized for the years ended June 30, 2013 and 2012, respectively.

Certain Foundation investment securities are held by independent custodial and management agents. Custodial and management fees paid approximated \$121,000 and \$154,000 in 2013 and 2012, respectively.

The investment value of funds held by trustee by the corporation, which consists of Series 2010 Bond proceeds and capital contributions from the University, for the benefit of the Series 2010 Project of CFP I at June 30 are as follows:

	2013	2012
Money market funds	\$ 13,485,479	\$ 11,775,136

3. Accounts Receivable

The composition of accounts receivable for the University at June 30 are as follows:

	2013	2012
Student receivable for fees, room, and board	\$ 9,527,071	\$ 9,533,387
Research and sponsored programs	3,459,896	3,206,521
Other	1,538,586	960,026
	14,525,553	13,699,934
Less allowance for doubtful accounts	1,600,000	1,600,000
Totals	\$ 12,925,553	\$ 12,099,934

Bowling Green State University

Notes to Financial Statements (continued)

4. Notes Receivable

Principal repayment and interest rate terms of federal and University loans vary considerably. Federal loan programs are funded principally with federal contributions to the University under the Perkins and Nursing Loan programs. All amounts recorded are believed collectible.

The University distributed \$124,077,676 and \$129,589,039 for student loans in 2013 and 2012, respectively, through the U.S. Department of Education federal direct lending program. These distributions and related funding sources are not included as revenues or expenses in the accompanying financial statements.

5. Capital Assets

Capital assets and accumulated depreciation and amortization of the University as of June 30, 2013, are summarized as follows:

	Beginning Balance	Additions	Retirements or Transfers	Ending Balance
Land	\$ 8,434,453	\$ –	\$ –	\$ 8,434,453
Buildings	466,900,393	9,030,946	–	475,931,339
Infrastructure	69,088,198	10,282,771	–	79,370,969
Equipment	94,510,145	4,098,825	6,165,117	92,443,853
Library materials	30,497,493	2,695,476	2,854,497	30,338,472
Construction in progress	55,416,720	25,633,752	14,735,633	66,314,839
Capital leases	–	6,316,953	–	6,316,953
Capitalized interest	7,643,665	1,365,793	–	9,009,458
Total capital assets	<u>732,491,068</u>	<u>59,424,516</u>	<u>23,755,247</u>	<u>768,160,336</u>
Less accumulated depreciation and amortization	<u>338,780,001</u>	<u>25,307,583</u>	<u>8,714,715</u>	<u>355,372,869</u>
Net capital assets	<u>\$ 393,711,067</u>	<u>\$ 34,116,933</u>	<u>\$ 15,040,532</u>	<u>\$ 412,787,467</u>

Bowling Green State University

Notes to Financial Statements (continued)

5. Capital Assets (continued)

Capital assets and accumulated depreciation and amortization of the University as of June 30, 2012, are summarized as follows:

	Beginning Balance	Additions	Retirements or Transfers	Ending Balance
Land	\$ 8,436,313	\$ –	\$ 1,860	\$ 8,434,453
Buildings	409,527,341	59,526,855	2,153,802	466,900,393
Infrastructure	65,108,697	4,148,951	169,450	69,088,198
Equipment	87,224,691	11,956,594	4,671,140	94,510,145
Library materials	30,659,012	2,616,183	2,777,703	30,497,493
Construction in progress	98,052,667	20,591,738	63,227,684	55,416,720
Capitalized interest	4,621,644	3,022,021	–	7,643,665
Total capital assets	703,630,365	101,862,341	73,001,640	732,491,068
Less accumulated depreciation and amortization	322,288,519	25,701,564	9,210,082	338,780,001
Net capital assets	<u>\$ 381,341,846</u>	<u>\$ 76,160,777</u>	<u>\$ 63,791,558</u>	<u>\$ 393,711,067</u>

Capital assets and accumulated depreciation of the Corporation as of June 30, 2013, are summarized as follows:

	Beginning Balance	Additions	Transfers	Ending Balance
Land	\$ 873,499	\$ –	\$ –	\$ 873,499
Land improvements	1,384,056	–	–	1,384,056
Building	85,256,060	190,606	–	85,446,666
Furniture	3,763,067	–	–	3,763,067
Chartwells renovation	1,588,000	–	–	1,588,000
Total capital assets	92,864,682	190,606	–	93,055,288
Less accumulated depreciation	3,842,962	4,062,351	–	7,905,313
Net capital assets	<u>\$ 89,021,720</u>	<u>\$ (3,871,745)</u>	<u>\$ –</u>	<u>\$ 85,149,975</u>

Bowling Green State University

Notes to Financial Statements (continued)

5. Capital Assets (continued)

Capital assets and accumulated depreciation of the Corporation as of June 30, 2012, are summarized as follows:

	Beginning Balance	Additions	Transfers	Ending Balance
Land	\$ —	\$ 873,499	\$ —	\$ 873,499
Land improvements	—	1,384,056	—	1,384,056
Building	—	85,256,060	—	85,256,060
Furniture	—	3,763,067	—	3,763,067
Chartwells renovation	—	1,588,000	—	1,588,000
Construction in progress	74,701,445	—	(74,701,445)	—
Total capital assets	74,701,445	92,864,682	(74,701,445)	92,864,682
Less accumulated depreciation	—	3,842,962	—	3,842,962
Net capital assets	\$ 74,701,445	\$ 89,021,720	\$ (74,701,445)	\$ 89,021,720

6. Accounts Payable and Accrued Expenses

The composition of accounts payable and accrued expenses of the University at June 30 is as follows:

	2013	2012
Accounts payable	\$ 9,948,184	\$ 13,412,365
Accrued payroll and withholdings	7,356,555	7,502,077
Accrued health claims	2,000,000	2,000,000
Accrued interest on bonds and capital lease	474,453	506,181
Total	\$ 19,779,192	\$ 23,420,623

Bowling Green State University

Notes to Financial Statements (continued)

7. Long-Term Debt and Other Obligations

Long-term debt and other obligations of the University for June 30, 2013, are summarized as follows:

Bonds	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
2003 General Receipts Bonds	\$ 1,200,000	\$ —	\$ 1,200,000	\$ —	\$ —
2004 General Receipts Bonds	6,890,000	—	2,205,000	4,685,000	2,285,000
2005 General Receipts Bonds	19,885,000	—	4,625,000	15,260,000	4,840,000
2010 Series A Tax-Exempt	10,020,000	—	2,020,000	8,000,000	2,145,000
2010 Series B Build America	65,335,000	—	—	65,335,000	—
2012 Series A General Receipts Bond – 2003 Advance Refunding	9,270,000	—	180,000	9,090,000	1,440,000
2012 Series B General Receipts Bond – 2004 Advance Refunding	12,075,000	—	230,000	11,845,000	235,000
Deferred loss on refunding	(259,398)	—	(178,165)	(81,233)	(81,233)
Bond premium and issuance costs	344,627	—	233,031	111,596	108,385
Total bonds payable	124,760,229	—	10,514,866	114,245,363	10,972,152
Other liabilities					
Vacation pay	7,309,063	4,691,230	5,045,684	6,954,609	5,418,300
Sick leave	4,189,350	718,246	—	4,907,596	395,000
Capital lease	—	6,595,039	1,094,041	5,500,998	1,703,774
Federal student loan deposits	8,318,432	—	—	8,318,432	—
Total other liabilities	19,816,845	12,004,515	6,139,725	25,681,635	7,517,074
Total long-term liabilities	\$ 144,577,074	\$ 12,004,515	\$ 16,654,591	\$ 139,926,998	\$ 18,489,226

Bowling Green State University

Notes to Financial Statements (continued)

7. Long-Term Debt and Other Obligations (continued)

Long-term debt and other obligations of the University for June 30, 2012, are summarized as follows:

Bonds	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
2003 General Receipts Bonds	\$ 10,980,000	\$ —	\$ 9,780,000	\$ 1,200,000	\$ 1,200,000
2004 General Receipts Bonds	19,845,000	—	12,955,000	6,890,000	2,205,000
2005 General Receipts Bonds	24,305,000	—	4,420,000	19,885,000	4,625,000
2010 Series A Tax-Exempt	12,040,000	—	2,020,000	10,020,000	2,020,000
2010 Series B Build America	65,335,000	—	—	65,335,000	—
2012 Series A General Receipts Bond – 2003 Advance Refunding	—	9,335,000	65,000	9,270,000	180,000
2012 Series B General Receipts Bond – 2004 Advance Refunding	—	12,180,000	105,000	12,075,000	230,000
Deferred loss on refunding Bond premium and issuance costs	—	(437,563)	(178,165)	(259,398)	178,165
	2,165,095	(83,047)	1,737,421	344,627	233,031
Total bonds payable	134,670,095	20,994,390	30,904,256	124,760,229	10,871,196
Other liabilities					
Vacation pay	7,177,061	5,124,786	4,992,784	7,309,063	5,789,587
Sick leave	3,968,000	463,502	242,152	4,189,350	361,000
Federal student loan deposits	8,318,432	—	—	8,318,432	—
Total other liabilities	19,463,493	5,588,288	5,234,936	19,816,845	6,150,587
Total long-term liabilities	\$ 154,133,588	\$ 26,582,678	\$ 36,139,192	\$ 144,577,074	\$ 17,021,783

Bowling Green State University

Notes to Financial Statements (continued)

7. Long-Term Debt and Other Obligations (continued)

The scheduled maturities and interest of the University's bonds for the five fiscal years subsequent to June 30, 2013, and subsequent periods thereafter are as follows:

	Principal	Interest	Total
2014	\$ 10,945,000	\$ 4,401,474	\$ 15,346,474
2015	11,370,000	3,948,703	15,318,703
2016	12,220,000	3,433,009	15,653,009
2017	7,540,000	2,993,963	10,533,963
2018	7,490,000	2,804,634	10,294,634
2019–2023	29,255,000	10,233,511	39,488,511
2024–2028	9,460,000	7,167,256	16,627,256
2029–2033	11,035,000	4,991,209	16,026,209
2034–2038	12,600,000	2,257,658	14,857,658
2039–2043	2,300,000	105,327	2,405,327
Total	\$ 114,215,000	\$ 42,336,744	\$ 156,551,744

The principal and interest payments of all General Receipts Bonds are collateralized by the pledge of the general receipts of the University under a master trust agreement. The master trust agreement has various restrictive covenants with which the University is in compliance.

On January 20, 2012, the University issued \$21,515,000 General Receipts Refunding Bonds, Series 2012, with an interest rate of 1.92% over the scheduled redemption period ending June 1, 2019. The proceeds partially advance-refunded \$8,635,000 of the General Receipt Bonds, Series 2003 and \$10,855,000 of the General Receipt Bonds, Series 2004, for a total advanced refund of \$19,490,000. The proceeds were deposited into an irrevocable trust fund with an escrow agent to provide future debt service payments on the General Receipts Refunding Bonds, Series 2012. As a result, the refunded portion of the General Receipts Refunding Bonds, Series 2012 is considered to be defeased in substance, and the liability for the 2003 and 2004 bonds has been removed from the statements of net position. The balance of debt issuance defeased in prior years that was outstanding as of June 30, 2013 and 2012, was \$4,685,000 and \$8,090,000, respectively.

Bowling Green State University

Notes to Financial Statements (continued)

7. Long-Term Debt and Other Obligations (continued)

Interest expense related to long-term debt of the University for the years ended June 30, 2013 and 2012, was \$4,760,482 and \$5,347,306, respectively. Of this amount, \$1,365,793 and \$3,022,021 was capitalized by the University at June 30, 2013 and 2012, respectively.

The University had unspent bond proceeds, which are classified as restricted investments, at June 30, 2013 and 2012, of \$22,992,806 and \$33,597,523, respectively.

In December 2012, the University entered into a master tax-exempt lease/purchase agreement with Key Government Finance, Inc. in the amount of \$6,595,039. As of June 30, 2013, the University has \$5,500,998 in a capital lease obligation which has varying maturity dates through December 2016. The master tax-exempt lease has a 0% stated interest rate and a 2.07% effective rate. Lease arrangements are being used to provide financing for digital telecommunication equipment.

Capital lease at June 30, 2013, is summarized as follows:

<u>Capital Lease</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Master Tax-Exempt Lease/ Purchase Agreement	\$ -	\$ 6,595,039	\$ 1,094,041	\$ 5,500,998	\$ 1,703,775

Future minimum lease payments under the capital lease are as follows:

<u>Year</u>	<u>Total</u>
2014	\$ 1,758,676
2015	1,319,008
2016	1,319,008
2017	1,319,008
Total future minimum lease payments	<u>5,715,700</u>
Less amount representing interest	<u>214,702</u>
Total obligation under capital lease	<u>\$ 5,500,998</u>

Bowling Green State University

Notes to Financial Statements (continued)

7. Long-Term Debt and Other Obligations (continued)

Long-term liabilities of the Corporation for June 30, 2013, are summarized as follows:

	Beginning Balance		Additions		Reductions	Ending Balance	Due in One Year
Bonds payable	\$ 81,290,000	\$	–	\$	480,000	\$ 80,810,000	\$ 595,000
Construction funding payable	16,458,989		–		856,800	15,602,189	856,800
Total long-term liabilities	\$ 97,748,989	\$	–	\$	1,336,800	\$ 96,412,189	\$ 1,451,800

Long-term liabilities of the Corporation for June 30, 2012, are summarized as follows:

	Beginning Balance		Additions		Reductions	Ending Balance	Due in One Year
Bonds payable	\$ 81,610,000	\$	–	\$	320,000	\$ 81,290,000	\$ 480,000
Construction funding payable	11,639,586		6,113,985		1,294,582	16,458,989	856,800
Total long-term liabilities	\$ 93,249,586	\$	6,113,985	\$	1,614,582	\$ 97,748,989	\$ 1,336,800

The interest and scheduled maturities of the Series 2010 Bonds for the five fiscal years subsequent to June 30, 2013, and subsequent periods thereafter are as follows:

	Interest Rate		Principal		Interest		Total
2014	4.00%	\$	595,000	\$	4,689,312	\$	5,284,312
2015	4.00		710,000		4,665,513		5,375,513
2016	4.00		835,000		4,637,112		5,472,112
2017	4.25		965,000		4,603,713		5,568,713
2018	4.50		1,105,000		4,562,700		5,667,700
2019–2023	4.50–5.75		6,960,000		21,898,175		28,858,175
2024–2028	5.75		9,150,000		19,698,625		28,848,625
2029–2033	5.75–6.00		12,110,000		16,740,488		28,850,488
2034–2038	6.00		16,165,000		12,686,700		28,851,700
2039–2043	6.00		21,635,000		7,218,900		28,853,900
2044–2045	6.00		10,580,000		961,500		11,541,500
Total		\$	80,810,000	\$	102,362,738	\$	183,172,738

Bowling Green State University

Notes to Financial Statements (continued)

7. Long-Term Debt and Other Obligations (continued)

The trustee for the Series 2010 Bonds held unspent bond proceeds and capital contributions from the University of \$7,052,234 plus \$6,433,245 of net operating revenue and investment income for a total of \$13,485,479 as of June 30, 2013, which are classified as funds held by trustee. At June 30, 2012, the trustee held unspent bond proceeds and capital contribution from the University of \$7,052,234 plus \$4,722,902 of net operating revenue and investments income for a total of \$11,775,136 as of June 30, 2012, which are classified as funds held by trustee.

The construction funding payable amounts of the Corporation for the five fiscal years subsequent to June 30, 2013, and thereafter are as follows:

Year	The Oaks (CFP II)	Carillon (CFP III)	Chartwells Renovation	Total Due
2014	\$ 376,364	\$ 220,436	\$ 260,000	\$ 856,800
2015	376,364	220,436	260,000	856,800
2016	376,364	220,436	–	596,800
2017	376,364	220,436	–	596,800
2018	376,364	220,436	–	596,800
Thereafter	7,469,023	4,629,166	–	12,098,189
	<u>\$ 9,350,843</u>	<u>\$ 5,731,346</u>	<u>\$ 520,000</u>	<u>\$ 15,602,189</u>

8. Retirement Benefits

Employee benefits are available for substantially all employees under contributory retirement plans. The University faculty is covered by the State Teachers Retirement System of Ohio (STRS Ohio). All other employees are covered by the Ohio Public Employees Retirement System of Ohio (OPERS). Both plans provide retirement, disability, annual cost-of-living adjustments, death benefits, and health care benefits to vested retirees.

Bowling Green State University

Notes to Financial Statements (continued)

8. Retirement Benefits (continued)

STRS Ohio and OPERS offer three separate retirement plans:

Defined benefit plan – traditional pension plan. This is a cost-sharing, multiple employer plan. This plan provides disability, annual cost-of-living adjustments, death benefits, and health care benefits. Health care benefits are based on years of service.

Defined contribution plan – member-directed plan. Employee contributions are invested in self-directed investments. Benefits are dependent upon contributions and investment earnings. This plan does not include disability, annual cost-of-living adjustments, death benefits, or health care benefits.

Combined plan – has elements of the traditional pension plan and member-directed plan. Employee contributions are invested in self-directed investments. The employer contributions are used to fund a reduced defined benefit plan. This plan provides disability, annual cost-of-living adjustments, death benefits, and health care benefits. Health care benefits are based on years of service.

Both STRS Ohio and OPERS issue separate, publicly available financial reports that include financial statements and required supplemental information. Reports can be obtained by contacting the two agencies.

The STRS Ohio Comprehensive Annual Financial Report can be downloaded from the STRS website at www.strsoh.org. The Ohio Revised Code provides statutory authority for employer and employee contributions. The University contributes 14% of covered payroll and the employee pretax contribution rate is 10% of covered payroll. A portion of employer contributions were allocated to post-employment health care benefits as disclosed in Note 9.

Bowling Green State University

Notes to Financial Statements (continued)

8. Retirement Benefits (continued)

The OPERS Comprehensive Annual Financial Report can be downloaded from the OPERS website at www.opers.org. The Ohio Revised Code provides statutory authority for employer and employee contributions. The University contributes 14% of covered payroll and the employee pretax contribution rate is 10% of covered payroll. A portion of employer contributions were allocated to post-employment health care benefits as disclosed in Note 9.

Employees may opt out of STRS Ohio or OPERS and participate in the Alternative Retirement Program (ARP), a defined contribution plan. The University contributes 14% of covered payroll and the employee pretax contribution rate is 10% of covered payroll. Benefits are dependent upon contributions and investment earnings. This plan does not include disability, annual cost-of-living adjustments, death benefits, or health care benefits.

Employer contributions to the following retirement benefit program for June 30 are summarized as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
STRS Ohio	\$ 6,810,000	\$ 6,815,000	\$ 7,049,000
OPERS	8,007,000	7,871,000	7,830,000
ARP	5,508,000	5,218,000	4,922,000
Total	<u>\$ 20,325,000</u>	<u>\$ 19,904,000</u>	<u>\$ 19,801,000</u>

Ohio Public Employees Deferred Compensation Program

The University's employees may elect to participate in the Ohio Public Employees Deferred Compensation Program (the Program), created in accordance with Internal Revenue Code Section 457. The Program permits deferral of a portion of an employee's compensation until termination, retirement, death, or unforeseeable emergency. The deferred compensation and any income earned thereon are not subject to income taxes until actually received by the employee.

In 1998, the Program's Board implemented a trust to hold the assets of the Program in accordance with Internal Revenue Code Section 457. The program assets are the property of the trust, which holds the assets on behalf of the participants.

Bowling Green State University

Notes to Financial Statements (continued)

8. Retirement Benefits (continued)

Therefore, in accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the assets of this Program are not reported in the accompanying financial statements.

The amounts on deposit with the Program's Board at June 30, 2013 and 2012, approximated \$10,423,000 and \$8,425,000, respectively, which represents the fair value at such dates.

9. Post-Employment Health Care Benefits

In addition to pension benefits, the Ohio Revised Code provides authority for public employers to fund post-employment health care benefits through their contributions to STRS Ohio and OPERS.

STRS Ohio provides access to a cost-sharing, multiple employer health care plan to retirees who participated in the defined benefit or combined plan. Coverage under the current plan includes hospitalization, doctor fees, prescription drug program, and Medicare Part B premium reimbursement. All benefit recipients pay a portion of the health care coverage in the form of monthly premiums.

Under Ohio law, post-employment health care under STRS Ohio is permitted, but not mandated; therefore, a portion of employer contributions are set aside for funding post-employment health care. Currently, this allocation is 1% of covered payroll.

OPERS maintains a cost-sharing, multiple employer health care plan to retirees who participated in the defined benefit or combined plan with 10 or more years of qualifying Ohio service credit. Coverage includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement.

Under Ohio law, post-employment health care benefits under OPERS are permitted, but not mandated; therefore, a portion of employer contributions are set aside for funding post-employment health care. During calendar year 2012, this allocation is 4.0% of covered payroll for members in the defined benefit plan and 6.05% of covered payroll for members in the combined plan. Effective January 1, 2013, the portion of employer contributions allocated to health care was lowered to 1% for both plans, as recommended by the OPERS actuary. Payment amounts vary depending on the number of covered dependents and coverage selected.

Bowling Green State University

Notes to Financial Statements (continued)

9. Post-Employment Health Care Benefits (continued)

Employer contributions to the following retirement benefit program for June 30 are summarized as follows:

	2013	2012	2011
STRS Ohio	\$ 68,100	\$ 68,150	\$ 70,500
OPERS	1,713,000	2,243,000	3,063,000
Total	\$ 1,781,100	\$ 2,311,150	\$ 3,133,500

10. Risk Management

The University self-insures its health care program up to a specific limit of \$275,000 per individual event. The University has specific stop-loss coverage.

Changes in the balances of claims liabilities for the years indicated for the health coverage are as follows:

	2013	2012	2011
Unpaid claims, July 1	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Incurred claims	16,338,357	15,071,084	17,912,518
Paid claims	(16,338,357)	(15,071,084)	(17,912,518)
Unpaid claims, June 30	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000

This actuarially determined liability for estimates of losses retained by the University for outstanding claims and claims incurred but not reported is the University's best estimate based on past experience and current claims outstanding. Actual claims experience may differ from the estimate.

Bowling Green State University

Notes to Financial Statements (continued)

10. Risk Management (continued)

Risk financing methods for property and casualty exposures include a combination of insurance, self-insurance, and risk pooling via a joint program formed with other four-year publicly funded universities in the state. This program is referred to as the Inter-University Council Insurance Consortium (IUC-IC) and it obligates member institutions to realize the first \$100,000 per covered loss for nearly all exposures before the claim reaches the pool and eventually the insured layers of the program. All of 14 member institutions participate in the program with the exception of The Ohio State University. The operation of the pool is managed by a Board of Governors consisting of one member representative and one alternate from each institution.

The University participates in a state pool of agencies and universities that pays workers' compensation premiums into the State Insurance Fund (the Plan) on a pay-as-you-go basis, which pays workers' compensation benefits to beneficiaries who have been injured on the job. Losses from asserted and unasserted claims for the participating state agencies and universities in the Plan are accrued by the Ohio Bureau of Workers' Compensation (the Bureau) based on estimates that incorporate the past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. Participants in the Plan annually fund the workers' compensation liability based on rates set by the Bureau to collect the cash needed in subsequent fiscal years to pay the workers' compensation claims of participating state agencies and universities.

11. Contingencies

During the normal course of operations, the University has become a defendant in various legal and administrative actions. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. However, in the opinion of legal counsel and University management, the disposition of all pending litigation will not have a material adverse effect on the financial condition of the University.

The University receives grants and contracts from certain federal, state, and local agencies to fund research and other activities. Revenues from government grants and contracts are recognized when all eligibility requirements have been met. The University records indirect costs related to such grants and contracts at predetermined rates that are negotiated with the University's federal cognizant agency. Both direct and indirect costs charged to the grants or contracts are subject to audit and approval by the granting agencies. University management believes any adjustments of costs resulting from such examination by the granting agency would be insignificant.

Bowling Green State University

Notes to Financial Statements (continued)

12. Foundation Net Assets

The Foundation's temporarily restricted net assets at June 30 were available for the following purposes:

	2013	2012
General support of colleges and departments	\$ 21,520,590	\$ 21,121,342
Student aid	17,218,091	13,970,080
Property and equipment	3,084,258	3,052,038
Endowed chairs and professorships	3,184,387	2,478,817
Research	1,061,941	945,041
Fellowship	483,255	456,970
Faculty and staff	482,939	504,865
Total	<u>\$ 47,035,461</u>	<u>\$ 42,529,153</u>

The Foundation's summary of the net assets released from restrictions during the years ended June 30, 2013 and 2012 is as follows:

	2013	2012
General support of colleges and departments	\$ 4,649,670	\$ 4,350,750
Student aid	2,101,178	2,621,051
Property and equipment	1,235,388	1,958,916
Endowed chairs and professorships	199,002	278,688
Research	95,003	51,698
Faculty and staff	65,913	114,418
Fellowship	50,895	74,597
Total	<u>\$ 8,397,049</u>	<u>\$ 9,450,118</u>

Bowling Green State University

Notes to Financial Statements (continued)

12. Foundation Net Assets (continued)

The Foundation's permanently restricted net assets at June 30, 2013 and 2012, are investments in perpetuity, the income from which is expendable to support the following purposes:

	<u>2013</u>	<u>2012</u>
Student aid	\$ 45,986,929	\$ 44,528,072
General support of colleges and departments	18,365,038	18,773,657
Endowed chairs and professorships	9,104,292	8,989,735
Property and equipment	1,876,075	1,943,590
Faculty and staff	2,100,758	1,762,224
Research	1,138,045	1,131,340
Fellowship	189,334	189,334
Total	<u>\$ 78,760,471</u>	<u>\$ 77,317,952</u>

13. Related-Party Transactions

The University leased the land comprising the two sites on which the Series 2010 Project facilities are constructed to the Corporation under a Ground Lease between the state of Ohio, acting by, through, and for the University, as lessor, and the Corporation, as lessee. The lease commenced on May 3, 2010, and will expire May 2, 2055. The Corporation shall have the right and option to extend this lease for up to two consecutive terms of 15 years each.

The Corporation subleased the two sites to CFP I in consideration of the agreement of CFP I to develop the Series 2010 Project on that land and the payment of nominal lump-sum rent. The lease commenced on June 1, 2010, and will expire May 2, 2055.

The Series 2010 Project includes two housing facilities, Falcon Heights and Centennial Hall, which were placed in service August 2011. The University has the resources and processes in place to invoice and collect funds from students for housing and housing-related fees for all other residence halls. The University acts as an agent between the students and CFP I and will invoice, collect the student accounts on behalf of CFP I, and then distribute the monies to CFP I. CFP I records operating revenue from these activities, which totaled approximately \$8,333,000 and \$8,018,000 for the year ended June 30, 2013 and 2012, respectively. At June 30, 2013, the University owed CFP I student housing and housing-related fees, which totaled approximately \$48,000 and \$36,000 for the years ended June 30, 2013 and 2012, respectively.

Bowling Green State University

Notes to Financial Statements (continued)

13. Related-Party Transactions (continued)

The University leased land comprising the site on which The Oaks is constructed to the Corporation under a Ground Lease between the state of Ohio, acting by, through, and for the University, as lessor, and the Corporation, as lessee. The Corporation subleased this site to CFP II in consideration of the agreement of CFP II to develop The Oaks on that land and the payment of nominal lump-sum rent. The lease commenced on June 30, 2010, and will expire June 30, 2045.

The University leased land comprising the site on which Carillon is constructed to the Corporation under a Ground Lease between the state of Ohio, acting by, through, and for the University, as lessor, and the Corporation, as lessee. The Corporation subleased this site to CFP III in consideration of the agreement of CFP III to develop Carillon on that land and the payment of nominal lump-sum rent. The lease commenced on November 1, 2010, and will expire June 30, 2045.

The University incurred costs during different stages of start-up and implementation of the Corporation and its subsidiaries. The University also incurred costs on behalf of the Corporation and its subsidiaries for various outside services related to the Series 2010 Project, The Oaks, and Carillon. These outside services include consulting, legal, engineering, architectural, and construction. In addition, certain salaries and fringe benefits of financial, accounting, development, and information technology personnel are incurred by the University but relate to the Corporation. These expenses are paid by the University on behalf of the Corporation and are not shown in the accompanying financial statements. The Corporation approximates the value of these items at \$134,000 for the year ended June 30, 2013, and \$610,000 for the year ended June 30, 2012.

The Oaks and Carillon construction projects were funded by contributions made by the University of \$0 and \$11,865 for the years ended June 30, 2013 and 2012, respectively.

Chartwells provided approximately \$18,000,000 of funding for these projects for the year ended June 30, 2012. The Chartwells construction funding payable will be paid in annual installments, ranging from \$409,000 to \$857,000 over 27.5 years, through June 30, 2039. Due to the University's Management Agreement with Chartwells for the dining program and in exchange for the use of the dining facilities, the University repays the construction funding payable on behalf of the Corporation, as these are of approximate equal value. As such, the Corporation

Bowling Green State University

Notes to Financial Statements (continued)

13. Related-Party Transactions (continued)

recognizes this non-cash transaction as a decrease to the construction funding payable and as in-kind support nonoperating revenue. For the year ended June 30, 2013 and 2012, the repayment and in-kind support revenue totaled \$856,800 and \$1,294,582, respectively. The University recognized in-kind nonoperating expense of \$856,800 and \$1,294,582, respectively for the year ended June 30, 2013 and 2012.

The University can pay off the construction funding payable of \$18,000,000 early without penalty. The University also has a Food Services Agreement with Chartwells in which the University pays a management fee to Chartwells to manage the dining halls through fiscal year 2015. The Food Services Agreement can be renewed for two additional successive five-year periods. If the Food Services Agreement with Chartwells is terminated or not renewed, the University would be required to pay Chartwells interest on the construction funding payable until full payoff at a rate equal to the 12-month U.S. Treasury rate. Payment in full of the construction funding payable would be required in one year from termination of agreement or within 30 days after the University hires another third party to run its dining services.

Supplementary Information

Bowling Green State University
 Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures				Total Federal Expenditures
			Research & Development Cluster	TRIO Cluster	Student Financial Aid Cluster	Other Programs	
U.S. Department of Education:							
Direct awards:							
Federal Supplemental Educational Opportunity Grants	84.007				\$ 590,750		\$ 590,750
Federal Work-Study Program	84.033				680,282		680,282
Federal Perkins Loans	84.038				1,005,610		1,005,610
Federal Pell Grant Program	84.063				25,605,024		25,605,024
Federal Direct Subsidized Student Loans	84.268				39,703,731		39,703,731
Federal Direct Unsubsidized Student Loans	84.268				54,506,178		54,506,178
Federal Direct Parent PLUS Loans	84.268				29,867,767		29,867,767
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379				329,492		329,492
Federal Nursing Student Loans	93.364				78,237		78,237
Total U.S. Department of Education					<u>152,367,071</u>		<u>152,367,071</u>
U.S. Department of Agriculture:							
Agriculture Research_Basic Applied Research:							
Pass-through from:							
The University of Kentucky:							
Family Structure and Time Allocation: Mechanisms of Food		UKRF304810783412316	\$ 26,852				<u>26,852</u>
			26,852				26,852
Grants for Agricultural Research Special Research Grants:							
Pass-through from:							
The University of Toledo:							
Monitoring Agricultural Sewage Sludge, 2010		2010-38898-20963	17,656				<u>17,656</u>
			17,656				17,656

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures				Total Federal Expenditures
			Research & Development Cluster	TRIO Cluster	Student Financial Aid Cluster	Other Programs	
U.S. Department of Agriculture (continued): Agricultural and Food Research Initiative:	10.310						
Pass-through from:							
Virginia Polytechnic Institute and State University:							
Integrated Management of Oomycete Diseases of Soybean and Other Crop Plants		422183-19755/422262	\$ 111,438				\$ 111,438
Integrated Management of Oomycete Diseases of Soybean and Other Crop Plants		422183-19755/422262	34,062				34,062
			145,500				145,500
Total U.S. Department of Agriculture			190,008				190,008
U.S. Department of Commerce:							
Economic Development – Technical Assistance:	11.303						
Direct award:							
Rural Universities Consortium University Center				149,234			149,234
Pass-through from:							
The University of Toledo:							
Northwest Ohio Solar and Advanced Renewable Energy Innov		N-121926-01	11,820				11,820
			161,054				161,054
Sea Grant Support:							
Direct award:							
Department of Commerce NOAA National Sea Grant Program:	11.417						
Monitoring Lake Erie Water Quality with Remote Sensing I				50,839			50,839
Pass-through from:							
Ohio State University Research Foundation:							
Migration Dynamics of White Bass (Morone Chrysops)		NA100AR4170074	4,735				4,735
			55,574				55,574

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures				Total Federal Expenditures
			Research & Development Cluster	TRIO Cluster	Student Financial Aid Cluster	Other Programs	
U.S. Department of Commerce (continued):							
Independent Education and Science Projects and Programs:	11.449						
Pass-through from:							
University Corp for Atmospheric Research,							
Climate 21: Investigating Carbon, Climate and Land Cover		(1)				\$ 632	\$ 632
						632	632
Public Telecommunications Facility:	11.550						
Pass-through from:							
Ohio Alliance for Public Telecommunication							
Connect Ohio: Every Community Online Program (ARRA)		21-43-B10546				57	57
						57	57
Total U.S. Department of Commerce			\$ 216,628			689	217,317
U.S. Department of Defense:							
Basic and Applied Scientific Research:	12.300						
Direct award:							
Bio-Inspired Flow Sensing and Control for Autonomous			78,726				78,726
			78,726				78,726
Basic Scientific Research:	12.431						
Direct award:							
Materials Science: Controlling Protein Conformations			(865)				(865)
			(865)				(865)
Basic, Applied and Advanced Research in Science and Engineering:	12.630						
Pass-through from:							
Academy of Applied Science:							
Ohio Junior Science and Humanities Symposium		W911NF-10-2-0076				1,265	1,265
Ohio Junior Science and Humanities Symposium		W911NF-10-2-0076				19,020	19,020
						20,285	20,285

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures				Total Federal Expenditures
			Research & Development Cluster	TRIO Cluster	Student Financial Aid Cluster	Other Programs	
U.S. Department of Defense (continued):							
Air Force Defense Research Sciences Program:	12.800						
Direct awards:							
Programmable Triplet Frmtion Decay Metal Organic Chromophores			\$ (289)				\$ (289)
Programmable Triplet Frmtion Decay Metal Organic Chromophores			(353)				(353)
Wavelength Shifting Polymers Based on Sensitized Triplet			32,417				32,417
Pass-through from:							
Infoscitex Corporation:							
Human Size, Shape, and Motion Measurements for Dynamic 3		5002-S001	54,033				54,033
			85,808				85,808
Research and Technology Development:	12.910						
Pass-through from:							
University of Toronto:							
The Natural Evolution of Quantum-Coherent Light-Harvesting		N66001-10-1-4059	243,831				243,831
			243,831				243,831
Total U.S. Department of Defense			407,500			\$ 20,285	427,785
U.S. Department of the Interior Resources Research Initiative:							
Assistance to State Water Reservoir:	15.805						
Pass-through from:							
Ohio State University Research Foundation:							
Source Tracking of Microcystis Blooms in Lake Erie		RF01317926	2,595				2,595
Total U.S. Department of the Interior			2,595				2,595

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures				Total Federal Expenditures
			Research & Development Cluster	TRIO Cluster	Student Financial Aid Cluster	Other Programs	
U.S. Department of Justice:							
National Institute of Justice Research, Evaluation, and Development	16.560						
Project Grants:							
Direct awards:							
Life Course, Relationship, and Situational Contexts of Teen Dating Violence			\$ 28,341				\$ 28,341
Life Course, Relationship, and Situational Contexts of Teen Dating Violence			24,536				24,536
Police Integrity Lost: A Study of Law Enforcement Officers Arrested			114,890				114,890
Patterns, Precursors and Consequences of TDV			8,739				8,739
Total U.S. Department of Justice			176,506				176,506
U.S. Department of Transportation:							
Highway Planning and Construction	20.205						
Pass-through from:							
Ohio Department of Transportation							
Role of Sulfates on Highway Heaving in Lake County, Ohio		25181	22,349				22,349
Ohio Department of Transportation							
Development of a Standard Specification for Horizontal D		24609			\$ 11,529		11,529
			22,349		11,529		33,878
University Transportation Center Programs	20.701						
Pass-through from:							
San Jose State University:							
Assessing the Socio-Economic Impacts of Mass Transit System		21-1104903-BGSU	31,216				31,216
Total U.S. Department of Transportation			53,565		11,529		65,094

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures				Total Federal Expenditures
			Research & Development Cluster	TRIO Cluster	Student Financial Aid Cluster	Other Programs	
U.S. Office of Personnel Management:							
Intergovernmental Personnel Act (IPA) Mobility Program	27.011						
Direct award:							
Intergovernmental Personnel Act (IPA) Assignment			\$ 70,222				\$ 70,222
Intergovernmental Personnel Act (IPA) Assignment			7,356				7,356
Intergovernmental Personnel Act (IPA) Assignment			-			\$ 1,746	1,746
Total U.S. Office of Personnel Management			77,578			1,746	79,324
National Science Foundation:							
Engineering Grants:	47.041						
Direct awards:							
Collaborative: Room-Temperature Electrophosphorescence			5,634				5,634
Low-Temperature Assembly of All-Inorganic Solar Cells			27,186				27,186
			32,820				32,820
Mathematical and Physical Sciences:	47.049						
Direct awards:							
Rigidity in Negative Curvature and Quasiconformal Analysis			12,387				12,387
Materials and Devices for Fast Detection of Explosives			57,828				57,828
Intramolecular Indicator-Displacement Assays (IIDA)			64,320				64,320
Single-Molecule and Single-Nanoparticle Interfacial Electron Transfer			58,652				58,652
Molecular-Wire Energy Transfer and Exciton Diffusion in Self-Assembled Photonic Materials			64,683				64,683
CAREER: Iminium Salts as Potential Water Oxidation Catal			95,399				95,399
Development of Nanocomposite Inorganic Materials for Phot			135,069				135,069
Photocatalytic Approaches to Hydrogen Production II			84,779				84,779
Deciphering Light Induced Double Bond Isomerization			49,620				49,620
			622,737				622,737

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures				Total Federal Expenditures
			Research & Development Cluster	TRIO Cluster	Student Financial Aid Cluster	Other Programs	
National Science Foundation (continued):							
Geosciences:	47.050						
Direct awards:							
Collaborative Research: Characterizing Arctic Climate			\$ 13,236				\$ 13,236
RAPID Response to an Extreme Low Ice Year on Lake Erie			9,573				9,573
Lake El'gygytgyn, NE Russia			6,341				6,341
			29,150				29,150
Biological Sciences:	47.074						
Direct awards:							
Magnetic Sense of Homing Pigeons and its Use in Map Navigation			110,926				110,926
Testing Local Adaptation of the Federally Endangered Kar			57,790				57,790
			168,716				168,716
Education and Human Resources:	47.076						
Direct award:							
iEvolve: Inquiry and Engagement to Invigorate and Optimize			326,733				326,733
Collaborative Research: Constructive Chemistry			25,002				25,002
SET-GO: Science, Engineering & Technology Gateway Ohio			177,832				177,832
SET-GO: Science, Engineering & Technology Gateway Ohio			231,389				231,389
GRAMS: Granting Access to Mathematics and Science			92,330				92,330
GRAMS: Granting Access to Mathematics and Science			5,207				5,207
GRAMS: Granting Access to Mathematics and Science			12,253				12,253
GRAMS II: Granting Access to Mathematics and Science			70,892				70,892
GRAMS II: Granting Access to Mathematics and Science			4,279				4,279
GRAMS II: Granting Access to Mathematics and Science			7,561				7,561
Pass-through from:							
Mathematical Association of America:							
A Second Course in Statistics – Generalized Linear		DUE-0817071	4,500				4,500
			957,978				957,978

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures				Total Federal Expenditures
			Research & Development Cluster	TRIO Cluster	Student Financial Aid Cluster	Other Programs	
National Science Foundation (continued):							
Polar Programs:	47.078						
Direct awards:							
Geochemical Transect from Oceanic Adare Basin			\$ 62,208				\$ 62,208
			62,208				62,208
Trans-NSF Recovery Act Research Support:	47.082						
Direct awards:							
ARRA – Regulation of 5-Aminolevulinic Acid Biosynthesis			115,028				115,028
ARRA – Sources and Sinks of Stoichiometrically Imbalanced Nitrate			114,043				114,043
ARRA – Monitoring Ultrafast Excited-State Selective Dynamics			234,614				234,614
ARRA - ARI-R2: Renovate Physl Sciences Labor			1,765,179				1,765,179
ARRA – Equipment Enhancing the Ultrafast Spectroscopy			13,660				13,660
			2,242,524				2,242,524
Total National Science Foundation			4,116,133				4,116,133
Environmental Protection Agency:							
Great Lakes Program:	66.469						
Pass-through from:							
The Nature Conservancy:							
Wet Prairie Restoration in the Maumee AOC		OHFO-GLRI-BGSU-10/10-02	25,087				25,087
Total Environmental Protection Agency			25,087				25,087
Department of Energy:							
Office of Science and Financial Assistance Program:	81.049						
Direct award:							
Chemical Imaging Studies			126,039				126,039
Low Power Upconversion for Solar Fuels Photochemistry			94,684				94,684
Pass-through from:							
Ohio Department of Development:							
G3: Invest Green, Save Green@Bowling Green (ARRA)		ARRA-EECBG-10-28	529,414				529,414
			750,137				750,137

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures				Total Federal Expenditures
			Research & Development Cluster	TRIO Cluster	Student Financial Aid Cluster	Other Programs	
Department of Energy (continued):							
Conservation Research and Development:	81.086						
Pass-through from:							
Clean Fuels Ohio:							
Ohio Advanced Transportation Partnership (ARRA)		DE-EE0002566	\$ 3,300				\$ 3,300
			3,300				3,300
Renewable Energy Research and Development:	81.087						
Direct awards:							
Coastal Wind Project			730,534				730,534
Coastal Ohio Wind Project for Reduced Barriers to Deploy			379,706				379,706
Pass-through from:							
National Renewable Energy Laboratory:							
Characterization and Optimization of Molecular Frequency		XEV-2-22201-01	49,559				49,559
			1,159,799				1,159,799
Total Department of Energy			1,913,236				1,913,236
U.S. Department of Education:							
Race to the Top:	84.413						
Pass-through from:							
Oregon City Schools:							
Oregon City Schools K-2 Assessment Development & Pilot		(1)	4,765				4,765
			4,765				4,765
Career and Technical Education_Basic Grants to States:	84.048						
Pass-through from:							
Ohio Department of Education:							
Career-Technical Education (CTE) Teacher Education							
Preparation and Retention FY2012		VEPD-TPR-12-062893			\$ 64,570		64,570
We Are STEM		VENT-WS-062893-12/13			6,036		6,036
We Are STEM		VENT-WS-12/13-062893			169		169
					70,775		70,775

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures				Total Federal Expenditures
			Research & Development Cluster	TRIO Cluster	Student Financial Aid Cluster	Other Programs	
U.S. Department of Education (continued):							
Safe and Drug-Free Schools and Communities National Programs:	84.184						
Pass-through from:							
Putnam County Educational Service Center:							
Evaluation of Project SAFE – Year 4		USDE Q184L080342				\$ 1,740	\$ 1,740
Evaluation of Project SAFE – Year 5		Q184L080342				60,947	60,947
Pass-through from:							
Wood County Educational Service Center:							
Evaluation of Project SHAPES (Shaping Healthy Atmosphere		PO1200899Q184L090192				45,009	45,009
Evaluation of Project SHAPES (Shaping Healthy Atmosphere		Q184L090192				21,431	21,431
School and Community-Based Prevention Program Consortium		PO 1300442				14,125	14,125
						143,252	143,252
Gaining Early Awareness and Readiness for Undergraduate Programs:	84.334A						
Pass-through from:							
Western Michigan University:							
MERC GearUp Learning Centers 2		P334A050257				60,938	60,938
MERC GearUp Learning Centers 2		P334A050257				6,353	6,353
						67,291	67,291
Transition to Teaching:	84.350						
Direct awards:							
Project CUE: Consortium for Urban Education		U350C070011				159,621	159,621
Project CUE: Consortium for Urban Education		U350C070011				145,907	145,907
						305,528	305,528

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures				Total Federal Expenditures
			Research & Development Cluster	TRIO Cluster	Student Financial Aid Cluster	Other Programs	
U.S. Department of Education (continued):							
Improving Teacher Quality State Grants:							
Pass-through from:							
Ohio Board of Regents:							
Partners in Inquiry Resources and Research Two		10-06				\$ 299	\$ 299
Common Core for Reasoning and Sense Making (CO)^2RES		10-08				3,377	3,377
STAMPS II - Science Teaching Advancement through Modeling		11-05				80,862	80,862
Common Core for Reasoning and Sense Making: Secondary		11-07				32,781	32,781
Common Core for Reasoning and Sense Making in Elementary		11-08				45,718	45,718
STAMPS II - Science Teaching Advancement through Modeling		12-04				18,420	18,420
Partners in Inquiry Resources and Research Three		12-05				7,179	7,179
Common Core for Reasoning and Sense Making: Secondary		12-07				23,079	23,079
Common Core for Reasoning and Sense Making in Elementary		12-08				29,066	29,066
Pass-through from:							
Ohio Northern University							
STEM 2 STEM: Utilizing Science and Math Standards		(1)				6,115	6,115
						246,896	246,896
College Access Challenge Grant Program	84.378						
Pass-through from:							
Putnam County Educational Service Center							
Ohio Access Challenge Grant: CES Evaluation		(1)				1,324	1,324
						1,324	1,324
Race to the Top – Early Learning Challenge	84.395						
Pass-through from:							
Battelle Memorial Institute							
Ohio RttF Funds (ARRA)		US001-0000315978				23,174	23,174
						23,174	23,174

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures				Total Federal Expenditures
			Research & Development Cluster	TRIO Cluster	Student Financial Aid Cluster	Other Programs	
U.S. Department of Education (continued):							
TRIO Cluster:							
Department of Education:							
Direct awards:							
Student Support Services	84.042A	P042A101256		\$ 598,344			\$ 598,344
				598,344			598,344
Talent Search	84.044A	P044A110535		266,896			266,896
Talent Search	84.044A	P044A060873		68			68
				266,964			266,964
Upward Bound	84.047A	P047A121619		163,592			163,592
Upward Bound	84.047A	P047A071048		152,320			152,320
Upward Bound	84.047A	P047A071048		47,788			47,788
				363,700			363,700
McNair Post-Baccalaureate Achievement	84.217A	P217A120231		153,512			153,512
McNair Post-Baccalaureate Achievement	84.217A	P217A070290		104,863			104,863
McNair Post-Baccalaureate Achievement	84.217A	P217A070290		16,784			16,784
				275,159			275,159
				1,504,167			1,504,167
Total U.S. Department of Education			\$ 4,765	1,504,167		\$ 858,240	2,367,172
U.S. Department of Health and Human Services:							
Direct award:							
NEHS Superfund Hazardous Substances_Basic Research & Education:	93.143						
In Vivo Characterization of Bacteria-Mediated Extracellular		1R01ES017070-01		42,624			42,624
				42,624			42,624

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures				Total Federal Expenditures
			Research & Development Cluster	TRIO Cluster	Student Financial Aid Cluster	Other Programs	
U.S. Department of Health and Human Services (continued):							
Research Related to Deafness and Communication Disorders:	93.173						
Pass-through from:							
Cincinnati Childrens Hospital Medical Center:							
Efficacy of Laryngeal High Speed Videendoscopy		109598(7R01DC007640-05)	\$ 15,777				\$ 15,777
			15,777				15,777
Policy Research and Evaluation Grants:	93.239						
Direct award:							
National Center for Marriage Research			454,241				454,241
			454,241				454,241
Occupational Safety and Health Program:	93.262						
Pass-through from:							
University of Cincinnati:							
Encouraging Prevention and Detection Safety Behaviors		007569	6,936				6,936
An Examination of the Work-Family Interface Among Farming		007569	6,864				6,864
			13,800				13,800
Trans_NIH Recovery Act Research Support:	93.701						
Direct awards:							
ARRA – Single-Molecule Three-Dimensional Snapshots of Nuclear			40,375				40,375
ARRA – Self-Luminant Micro-Arrays and Reader for Rapid			93,889				93,889
ARRA – Basal Ganglia and Relative Reward Effect			155,537				155,537
			289,801				289,801
Medical Assistance Program:	93.778						
Pass-through from:							
Ohio State University Research Foundation:							
A Health Profile of Women, Infants and Children in Ohio		G-1213-07-0343	43,769				43,769
			43,769				43,769

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures				Total Federal Expenditures
			Research & Development Cluster	TRIO Cluster	Student Financial Aid Cluster	Other Programs	
U.S. Department of Health and Human Services (continued):							
Biomedical Research and Research Training:							
	93.859						
Direct awards:							
Three-Dimensional Super-Resolution Microscopy Study			\$ 5,072			\$ 5,072	
Single-Molecule Patch-Clamp FRET Imaging Microscopy			36,988			36,988	
A Population-Level Analysis of Novel Antimicrobial Products			13,034			13,034	
Classification, Characterization and Database Searching			1,745			1,745	
Manipulating Single-Molecule Enzyme Conformations and Activities			384,554			384,554	
RNA 3D Motif Search, Atlas, and Prediction from Sequence			295,662			295,662	
			737,055			737,055	
Child Health and Human Development Extramural Research:							
	93.865						
Direct awards:							
Center for Family and Demographic Research Year 8			170,309			170,309	
Life Course, Relationship, and Situational Contexts of Todays Youth			198,757			198,757	
Counting Families: Household Matrices with Multiple Family Members			2,198			2,198	
Nonmaternal Care, Role Strain, and Maternal Sensitivity			49,698			49,698	
Neighborhood Change and Violence in Adolescence			19,117			19,117	
Pass-through from:							
The University of Michigan:							
Effects on Children of Exposure to Political Violence		3000609459	38,106			38,106	
Pass-through from:							
The University of California, San Diego:							
Expectation Generation in Sentence Processing		10202962-008	168			168	
			478,353			478,353	

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures				Total Federal Expenditures
			Research & Development Cluster	TRIO Cluster	Student Financial Aid Cluster	Other Programs	
U.S. Department of Health and Human Services (continued):							
Affordable Care Act Personal Responsibility Education Program:	93.092						
Pass-through from:							
Lucas County Regional Health District							
Personal Responsibility Education Program		04810011PR0112				\$ 982	\$ 982
Personal Responsibility Education Program		04810011PR0213				40,202	40,202
						41,184	41,184
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243						
Direct award:							
Suicide Prevention Grant - Empowering a Community		1U79SM060492-01				21,592	21,592
Pass-through from:							
Wood County Educational Service Center:							
High-Risk Drinking and Prescription Drug Abuse Prevention Program		8711192SPDSIGP131193				92,241	92,241
High-Risk Drinking and Prescription Drug Abuse Prevention Program		599-9412				7,630	7,630
						121,463	121,463
Child Care and Development Block Grant:	93.575						
Pass-through from:							
Ohio Educational Telecommunications Network:							
Ohio Ready to Learn		G-1213-06-0139				41,629	41,629
						41,629	41,629
Block Grants for Prevention and Treatment of Substance Abuse:	93.959						
Pass-through from:							
Ohio Department of Alcohol and Drug Addiction Services:							
BGSU High-Risk Drinking Prevention Program		99-8207-HEDUC-P-13-9				3,450	3,450
BGSU High-Risk Drinking Prevention Program		998207HEDUC-P12-9854				(1,195)	(1,195)
						2,255	2,255
Total U.S. Department of Health and Human Services						206,531	2,281,951
						\$ 2,075,420	

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures				Total Federal Expenditures
			Research & Development Cluster	TRIO Cluster	Student Financial Aid Cluster	Other Programs	
Department of State: Academic Exchange Programs _Teachers: Pass-through from: International Research Exchange Board IREX Teaching Excellence & Achievement Prog (TEA)	19.408	FY12-TEA-BGSU-01				\$ 183,158	\$ 183,158
Total Department of State						183,158	183,158
National Endowment for the Arts: Promotion of the Arts-Grants to Organizations and Individuals: Pass-through from: Arts Midwest: The Big Read	45.024	FY13-156826				7,500	7,500
Total National Endowment for the Arts						7,500	7,500
National Endowment for the Humanities: Promotion of the Humanities – Federal/State Partnership: Pass-through from: Ohio Humanities Council: History Lab: A Hands-On Exploration of Local History, Cu	45.129	OHC-12-001				5,604	5,604
						5,604	5,604
Promotion of the Humanities – Office of Digital Humanities: Pass-through from: Wright State University: The Scholars Dashboard: Creating a Multidisciplinary	45.169	HD-51538-12				13,168	13,168
						13,168	13,168
Total National Endowment for the Humanities						18,772	18,772

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-Through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures				Total Federal Expenditures
			Research & Development Cluster	TRIO Cluster	Student Financial Aid Cluster	Other Programs	
Institute of Museum and Library Services: National Leadership Grants: Direct award: Enacted Metadata: Video Surrogate Records for Special	45.312	LG-46-12-0471-12				\$ 4,548	\$ 4,548
Total Institute of Museum and Library Services						4,548	4,548
Total Federal Expenditures			\$ 9,259,021	\$ 1,504,167	\$ 152,367,071	\$ 1,312,998	\$ 164,443,257

⁽¹⁾ No agency or pass-through identification number available.

See accompanying notes to schedule of expenditures of federal awards.

Bowling Green State University

Notes to the Schedule of Expenditures of Federal Awards

June 30, 2013

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Bowling Green State University (the University) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

2. Loans Outstanding

The University had the following loan balances outstanding for the Federal Perkins Loans and Nursing Students Loan programs at June 30:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>2013 Outstanding Balance</u>
Federal Perkins Loans	84.038	\$ 8,143,980
Nursing Student Loans	93.364	617,217

Total Federal Perkins Loans advanced during 2013 were \$1,005,610 plus additional administrative costs of \$48,043.

Total Federal Nursing Loans advanced during 2013 were \$78,237.

3. Federal Direct Student Loans

The University acts as an intermediary for students receiving Federal Direct Student Loans (CFDA #84.268), which includes Direct Loans and Parent's Loans for Undergraduate Students, from the federal government. The federal government is responsible for billings and collections of the loans. The University assists the federal government by processing the applications and applying funds to student accounts from the federal government. Since this program is administered by the federal government, new loans made in the fiscal year ended June 30, 2013, related to Federal Direct Loans are considered current year federal expenditures, whereas the outstanding loan balances are not.

Bowling Green State University

Notes to the Schedule of Expenditures of Federal Awards (continued)

4. Indirect Costs

The University recovers indirect costs by means of provisional fixed indirect cost rates. The provisional fixed rates are a result of negotiated agreements with the U.S. Department of Health and Human Services. The predetermined fixed rate for on-campus research is 39% of modified total direct costs, and the off-campus predetermined rate is 20% of modified total direct costs effective July 1, 2011 until June 30, 2015.

5. Subrecipients

Of the federal expenditures presented in the schedule of expenditures of federal awards, the University provided federal awards to subrecipients as follows:

Sub-Grantee	CFDA Number	Amount Provided
Texas Southern University	10.200	\$ 10,860
Ohio University	11.303	75,981
Fort Meigs Association	12.300	600
Palo Alto Research Center Inc.	12.800	18,785
Sandusky Local Schools	47.076	3,434
Perkins Local School District	47.076	3,400
Owens Community College	47.076	45,545
University of Toledo	81.087	770,783
Wayne State University	84.350	212,291
Toledo Public Schools	84.395A	22,500
Battelle	93.143	(5,571)
Cornell University	93.239	51,331
Rutgers University	93.859	121,406
Research Foundation of SUNY	93.859	94,280
Michigan State University	93.859	101,629
		<u>\$ 1,527,254</u>

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

Management, Audit Committee and Board of Directors

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bowling Green State University (the University), a component unit of the State of Ohio, and its aggregate discretely presented component units, which comprise the statement of net position as of June 30, 2013, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 11, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

Purpose of This Report

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

Ernst + Young LLP

October 11, 2013

Report of Independent Auditors on Compliance with Requirements for Each Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133

Management, Audit Committee, and Board of Directors
Bowling Green State University

Report on Compliance for Each Major Federal Program

We have audited of Bowling Green State University's (the University), a component unit of the State of Ohio, compliance with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2013. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance 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:

Finding No.	CFDA No.	Program (or Cluster) Name	Compliance Requirement
13-01	84.047 Upward Bound 84.217 McNair	TRIO Cluster	Reporting

Our opinion on each major federal program is not modified with respect to these matters.

The University’s response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The University’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item:

Finding No.	CFDA No.	Program (or Cluster) Name	Compliance Requirement
13-01	84.047 Upward Bound 84.217 McNair	TRIO Cluster	Reporting

We consider this item to be a significant deficiency.

The University’s response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The University’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Ernst + Young LLP

October 11, 2013

Bowling Green State University

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

Part I—Summary of Auditor’s Results

Financial Statements Section

Type of auditor’s report issued (unmodified, qualified, adverse or disclaimer):

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 yes x **no**

Significant deficiency(ies) identified?

 yes x **none reported**

Noncompliance material to financial statements noted?

 yes x **no**

Federal Awards Section

Internal control over major programs:

Material weakness(es) identified?

 yes x **no**

Significant deficiency(ies) identified?

 x **yes** **none reported**

Type of auditor’s report issued on compliance for major programs (unmodified, qualified, adverse or disclaimer):

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?

 x **yes** **no**

Bowling Green State University

Schedule of Findings and Questioned Costs (continued)

Part I—Summary of Auditor’s Results (continued)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Various	Student Financial Aid Cluster
Various	Research & Development Cluster
84.042, 84.044, 84.047, and 84.217	TRIO Cluster
Dollar threshold used to distinguish between Type A and Type B programs	<u>\$362,500</u>
Auditee qualified as low-risk auditee?	<u> x </u> yes <u> </u> no

Bowling Green State University

Schedule of Findings and Questioned Costs (continued)

Part II—Financial Statement Findings Section

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards require reporting in a Circular A-133 audit.

None noted

Bowling Green State University

Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section

This section identifies the audit findings required to be reported by Circular A-133 section .510(a) (for example, material weaknesses, significant deficiencies and material instances of noncompliance, including questioned costs), as well as any abuse findings involving federal awards that are material to a major program.

13-01

TRIO Cluster

Federal program information:

U.S. Department of Education
CFDA – Award Numbers
84.047 TRIO – Upward Bound
84.217 TRIO – McNair

Criteria or specific requirement:

In accordance with and to comply with OMB Circular A-133, Section .300 (b), the entity should “maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.”

OMB section No. 1840-0762 for Upward Bound and OMB Section No. 1840-0640 for McNair require certain data fields be tracked for each student reported in Student Support Services Annual Performance Report (APR).

Bowling Green State University

Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section (continued)

Condition:

The McNair program requires the following critical fields to be maintained in the student database and reported in the APR:

- A) Eligibility
- B) First Enrollment Date
- C) Project Entry Date
- D) Participant Status
- E) College Grade Level (at entry into project)
- F) College Grade Level (at end of academic year)
- G) Enrollment Status
- H) Highest Degree Earned

We noted that in certain circumstances the student data maintained in the APR for the above fields did not agree to supporting information maintained in student files.

The Upward Bound program requires the following critical fields to be maintained in the student database and reported in the APR:

- A) Eligibility at first entry into project
- B) Academic Need
- C) Date of first project service
- D) Grade Level at First Service
- E) Participant Status for reporting year
- F) Participant Level for reporting period only
- G) Grade Level at the beginning of Academic year
- H) Participant retention in project
- I) Date of Last Project Service

Bowling Green State University

Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section (continued)

Condition (continued):

We noted that in certain circumstances the student data maintained in the APR for the above fields did not agree to supporting information maintained in student files.

Questioned costs:

N/A as issue concerns non-monetary data.

Context:

We performed compliance testing over all TRIO APRs to ensure that the critical data fields were being tracked and reported. We then selected 40 students across the TRIO programs. We reviewed the critical data fields for the first five students from each of the four programs. We noted five of the 20 students had a total of seven instances of incorrect data in the critical fields when compared to the student files:

McNair: 3 instances in Project Entry Date, 1 instance in College Grade Level (at entry into project), and 1 instance in College Grade Level (at end of academic year)

Upward Bound: 1 instance in Academic Need and 1 instance in Level

We noted that the incorrect data in the critical fields did not directly affect the students' proper inclusion in the program.

Bowling Green State University

Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section (continued)

Effect:

The data reported for McNair and Upward Bound programs are not in compliance with OMB Circular reporting requirements.

Cause:

The current review controls over the student data for APR reports are not sensitive enough to ensure accuracy of the data in all critical data fields.

Recommendation:

McNair and Upward Bound management needs to ensure it has policies and procedures in place over maintaining and reviewing critical data fields in the database to ensure that they are accurate and in compliance with the reporting requirements.

Bowling Green State University

Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section (continued)

Views of responsible officials and planned corrective actions:

Conclusion

Management understands the OMB Circular critical fields reporting requirements and therefore concurs.

Management believes the McNair instance in “Entry Grade Level” (which automatically created the instance in “Current Grade Level”), the Upward Bound instance in “Academic Need”, and the Upward Bound instance in “Level”, were isolated data entry errors. We recognize that while the critical field itself was accurate and appropriate, the field content selections within the fields were in error.

Management further agrees there were three instances where the “Project Entry Date” relating to McNair as reported in the APR did not match exactly with the information maintained in the student files. Management asserts that sound professional judgment was applied in reporting the “Project Entry Date” in cases where the data in the student file contained varying levels of activity and complexity. Management relies on guidance as set forth in OMB approval No.: 1840-0762 for McNair project reporting and believes the APR reporting is in compliance with these requirements.

In all instances of incorrect data as outlined above, Management concurs that the errors do not compromise the students’ eligibility for proper inclusion in the program.

Bowling Green State University

Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section (continued)

Views of responsible officials and
planned corrective actions (continued):

Management will take immediate steps to review and strengthen the controls currently in place to ensure the APR data submission is accurate and in compliance with OMB Circular reporting requirements.

Bowling Green State University

Summary Schedule of Prior Audit Findings

Federal program information:

12-01 – CFDA #84.042 – Student Support Services – Award Number P042A050760

Condition:

The University did not comply with the required earmarks for Student Support Services participants in accordance with 34 CFS Sections 646.7 and 646.11.

Management status update:

Management implemented the corrective action plan in the third quarter in the 2012 year.

Federal program information:

11-01 – Student Financial Assistance Cluster

Condition:

The University does not have sufficient internal controls in accordance with 34CFR Section 668.173(b) to ensure that funds are returned within 45 days of a student withdrawal. Also, the University does not have sufficient internal controls to return the correct amounts to be returned in accordance with the Title IV requirements. While the University calculated the correct amount to be returned based on the student's withdrawal date, the amount calculated was not what was refunded; the amount that was refunded was less than the calculated amount by \$4,218.

Management status update:

Management has fully implemented the 2011 corrective action plan.

Bowling Green State University

Summary Schedule of Prior Audit Findings (continued)

Federal program information: 11-02 TRIO Cluster (CFDA # 84.042, 84.044, 84.047A, and 84.217)

Condition: The University does not have sufficient internal controls in accordance with Section 48e and Appendix A paragraph 8 of Circular A-110 over suspension and debarment to check its vendor list with the EPLS website.

Management status update: Management has fully implemented the 2011 corrective action plan.

Federal program information: 11-03 – CFDA # 84.217 – McNair Post-Baccalaureate Achievement – Award Number P217A070290 and CFDA # 84.042 – Student Support Services – Award Number P042A050760

Condition: The University does not have sufficient internal controls to ensure that the McNair and Student Support Services programs meet the required earmarking requirements in accordance with 34CFR Sections 647.10 647.70, 646.7 and 646.11.

Management status update: Management implemented the corrective action plan in the third quarter in the 2012 year. See finding 12-01 for a further update.

Bowling Green State University

Summary Schedule of Prior Audit Findings (continued)

Federal program information:

11-04 – TRIO Cluster (CFDA # 84.042, 84.044, 84.047A, and 84.217) – McNair Post-Baccalaureate Achievement (McNair) – Award Number P217A070290.

Condition:

The University does not have sufficient internal controls to ensure that the cost share component of the grant agreement is being met.

Management status update:

No cost share was required under the 2012 award document therefore the 2011 corrective action was not required to be implemented.

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