

OHIO UNIVERSITY
ATHENS COUNTY
REGULAR AND SINGLE AUDIT
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Ohio University
(a component unit of the State of Ohio)

Financial Statements
June 30, 2022 and 2021

Independent Auditor's Report	1-3
Financial Statements	
Management's Discussion and Analysis	4-15
Statements of Net Position	16-17
Statements of Revenues, Expenses, and Changes in Net Position	18-19
Statements of Cash Flows	20-21
Notes to Financial Statements	22-103
Required Supplementary Information	104
Schedule of University's Proportionate Share of the Net Pension Liability	105
Schedule of University Pension Contributions	106
Schedule of University's Proportionate Share of the Net OPEB Liability/Asset	107
Schedule of University Net OPEB Contributions	108
Notes to Required Supplementary Information – Pension	108
Notes to Required Supplementary Information – OPEB	109
Supplementary Information	110
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	111-112
Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance	113-115
Schedule of Expenditures of Federal Awards	116-124
Notes to Schedule of Expenditures of Federal Awards	125-126
Schedule of Findings and Questioned Costs	127

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Ohio University
Athens, Ohio

Report on the Audit of the Financial Statements***Opinions***

We have audited the financial statements of the business-type activities and the aggregate discretely presented component unit of Ohio University (the "University"), a component unit of the State of Ohio, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of the University, as of June 30, 2022 and 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the University has adopted Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, as of July 1, 2020. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

(Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of University's Proportionate Share of the Net Pension Liability, the Schedule of University Pension Contributions, the Schedule of University's Proportionate Share of the Net OPEB Liability/Asset, and the Schedule of University Net OPEB Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 of America. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2022 on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Columbus, Ohio
October 17, 2022

Management's discussion and analysis (MD&A) provides an unaudited overview of the financial position and activities of Ohio University for the year ended June 30, 2022, with selected comparative information for the years ended June 30, 2021 and 2020. The financial statements are prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded when the related liability is incurred. As the MD&A presentation includes highly summarized information, it should be read in conjunction with the accompanying financial statements and related notes to the financial statements. The financial statements, notes, and this discussion are the responsibility of the University management.

The Ohio University Foundation (the "Foundation") has been determined to be a component unit of the University. Accordingly, the Foundation is discretely presented in the University's financial statements. The Foundation's primary function is fundraising to supplement resources that are available to the University in support of its programs. The Foundation is governed by a separate board of trustees comprised of graduates and friends of the University. Nearly all the assets of the Foundation are restricted by donors to activities of the University. Ohio University provides both support for advancement operations as well as administrative support to the Foundation for critical business functions.

Financial Highlights

While the lifting of COVID-19 restrictions positively impacted the University's operating revenues for fiscal year 2022, decreases in revenue from the Coronavirus Relief Fund (CRF), investment losses, and increases in expenditures, caused an overall significant decrease in net position. The University did experience increases in revenue from the Higher Education Emergency Relief Fund (HEERF) as well as state appropriations. However, without the effects of the unfunded pension and other post-employment benefits (OPEB) adjustments, net position for the University decreased \$40.2 million during fiscal year 2022 as compared to an increase of \$153.2 million in fiscal year 2021.

Changes in net position represent the University's results for the year and are summarized for the 3 years ended June 30, 2022 as follows:

(in thousands)	2022	2021	2020
Operating revenues	\$ 450,394	\$ 398,526	\$ 473,423
Other nonoperating revenues	116,096	121,367	72,689
State appropriations	187,261	186,805	176,388
Total expenses excluding unfunded pension & OPEB adjustments	(726,782)	(688,065)	(736,310)
Subtotal	26,969	18,633	(13,810)
Net investment income (loss)	(67,186)	134,518	21,219
Increase (decrease) in net position excluding unfunded pension & OPEB adjustments	(40,217)	153,151	7,409
Unfunded pension and OPEB adjustments	87,197	101,762	(37,579)
Increase (decrease) in net position	\$ 46,980	\$ 254,913	\$ (30,170)

- Student tuition and fees revenue decreased due to declines in undergraduate enrollment at the regional campuses and decreased summer enrollments at the Athens campus as well as a decrease in online program revenue. The total decrease to net student tuition and fees was \$7.6 million for fiscal year 2022.
- In fiscal year 2021, classes were offered as a hybrid, which consisted of in-person and remote learning. Residence halls and culinary venues were open, but the requirement for freshmen and sophomores to live on campus had been lifted. This requirement was reinstated in fiscal year 2022, which was the primary factor causing a net increase in auxiliary revenues of \$52.6 million.
- HEERF was approved by Congress as part of the March 2020 Coronavirus Aid, Relief and Economic Security (CARES) Act from the US Department of Education. Two additional COVID-19 relief bills were enacted into law including the Consolidated Appropriations Act in December 2020 and the American Rescue Plan Act in March 2021. These acts awarded HEERF I, II and III funds for institutional costs, lost revenue, and student aid, as well as a Strengthening Institutions Program for regional campus institutional costs. During fiscal year 2022 the University recognized \$53.6 million of federal HEERF funds as nonoperating revenue. As required by HEERF I and III, half of the funds are awarded as emergency financial aid grants to students and recorded as student aid expense. The institutional portion was used to cover costs associated with the disruption of campus operations from the pandemic. For fiscal year 2021, \$41.3 million of HEERF funds were recognized as nonoperating revenue.
- Strategic expense reductions during fiscal year 2022 included a voluntary separation or retirement program (VSRP). The VSRP was offered to targeted employee groups and included an incentive plan to achieve voluntary reductions-in-force. The cost associated with this plan for fiscal year 2022 was \$5.9 million and is included in operating expenditures.
- Investment income decreased \$201.7 million from fiscal year 2021 to fiscal year 2022. The University's investment income is comprised of interest, dividends, realized gains (losses), and unrealized gains (losses). Investment income stems from two primary sources. First, the University's endowment assets, as well as a portion of its working capital, are invested in a long-term, broadly diversified portfolio. This "long-term pool" returned -9.0% for fiscal year 2022, outperforming its diversified benchmark of -11.1% for the same period. Additionally, a portion of the University's working capital is invested in several tiers of investment-grade fixed-income securities. Tier II working capital investments returned -1.1% for fiscal year 2022, outperforming its benchmark of -1.4% for the same period. The Tier III working capital investments returned -9.7%, underperforming its benchmark of -8.1% for the same period.
- A new Governmental Accounting Standards Board (GASB) lease standard was required to be implemented during fiscal year 2022, retroactively to fiscal year 2021. Under this standard the University, as a lessee, is required to recognize a lease liability, accrued interest payable, and a right of use lease asset, and as a lessor, is required to recognize a lease receivable, accrued interest receivable, and a deferred inflow of resources. The net effect for implementation during fiscal year 2021 was an increase to net position of \$0.1 million.
- The unfunded pension and OPEB liabilities/asset will change each year based on the University's proportionate share of contributions to the pension plans relative to total contributions of all participating employers to the plans. The net pension and OPEB liabilities/asset are determined by actuarial valuations as of the measurement dates of the retirement plans. The effect of changes in the net pension and OPEB liabilities/asset due to the differences between projected and actual investment earnings, differences between expected and actual experience, change in assumptions about economic and demographic factors, and change in the employer's proportionate share of net pension and OPEB liabilities/asset result in changes to deferred

outflows of resources and deferred inflows of resources. The current year impact from these factors is an increase to net position of \$87.2 million. The impact for fiscal year 2021 was an increase to net position of \$101.8 million.

Statement of Net Position

The statement of net position is the University's balance sheet. It reflects the total assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (equity) of the University as of the end of the fiscal year. Net position represents the residual interest in the University's assets and deferred outflows of resources after the deduction of its liabilities and deferred inflows of resources. The change in net position measures whether the overall financial condition has improved or deteriorated during the year. Except for capital assets, all other assets and liabilities are measured at a point in time using current values. Capital assets are recorded at historical costs less an allowance for depreciation.

The following is a summary of the statement of net position for the three years ended June 30, 2022:

(in thousands)	2022	2021	2020
Assets:			
Current assets	\$ 530,301	\$ 523,589	\$ 454,790
Capital & Right of use lease assets, net	1,156,730	1,160,164	1,126,526
Other assets	450,502	514,428	423,320
Total assets	2,137,533	2,198,181	2,004,636
Deferred outflows of resources	65,458	62,071	106,980
Liabilities:			
Current liabilities	118,447	132,714	123,618
Noncurrent liabilities	833,580	1,011,025	1,197,212
Total liabilities	952,027	1,143,739	1,320,830
Deferred inflows of resources	270,932	183,460	112,646
Total net position	\$ 980,032	\$ 933,053	\$ 678,140

- **Assets** - Total assets decreased by \$60.6 million as a result of the following changes:
 - Cash and cash equivalents increased \$39.9 million due primarily to the deposit of HEERF II and HEERF III funds.
 - Current investments decreased by \$24.7 million due to negative investment returns earned on intermediate-term and long-term working capital investments.
 - Accounts receivable decreased \$10.2 million primarily due to a decrease of \$18.0 million in grants and contracts receivables for mainly HEERF funds, offset by an increase of \$3.8 million in intercompany receivables from activity transacted with the Ohio University Foundation, and an increase of \$3.6 million in funds due from the State of Ohio for capital activity.
 - Lease receivable, current and noncurrent decreased net \$0.9 million as we received more funds on existing lease contracts than the increase for new lease contracts. The corresponding deferred inflows of resources related to leases will also decrease as this lease receivable and accrued interest receivable decrease.
 - Restricted cash and cash equivalents decreased \$21.0 million due to continued spending of prior year bond funds.

- Noncurrent investments decreased by \$32.6 million due to negative investment returns and \$8.0 million in spending of the century bond funds on construction projects.
- Endowment investments decreased by \$18.0 million due to investment losses totaling \$17.9 million and \$6.0 million of distributions for spending, which was offset by \$5.9 million of transfers into quasi-endowments.
- Net OPEB assets increased \$10.3 million. Although the University is required to record the net OPEB assets, the University does not have a claim on these assets.
- Net right of use lease assets decreased by \$2.3 million as older leases were paid down and no new leases were added. The corresponding lease liability, and accrued interest payable also decreased.
- Net capital assets decreased by \$1.1 million due to depreciation and retirements offset by spending on capital projects, machinery, and equipment.
- **Deferred Outflows of Resources** – Increased \$3.4 million as a result of the following changes:
 - Deferred outflows related to pensions increased \$13.9 million and deferred outflows related to OPEB decreased \$10.4 million. There are multiple factors affecting these changes, please see Note 11 for detailed information.
- **Liabilities** - Total liabilities decreased by \$191.7 million as a result of the following changes:
 - Accounts payable decreased \$5.8 million, with a decrease in accrued payroll of \$8.5 million, which includes decreases for current severance payments, and a decrease of \$3.8 million for the payable to the Ohio University Foundation due to the timing of intercompany activity which was offset by an increase of \$6.5 million in vendor payables, mainly made up of increases for capital payables.
 - Unearned revenue decreased \$9.7 million mainly driven by HEERF grant revenue deferred in fiscal year 2021 and recognized as revenue in fiscal year 2022.
 - Other noncurrent liabilities increased \$2.3 million and includes an increase of \$3.9 million for the scheduled payments from the new voluntary separation and retirement program offset by a decrease of \$1.2 million from refundable advances for federal student loans, and a decrease of \$0.3 million for the workers' compensation liability.
 - Lease liability, current and noncurrent decreased net \$2.4 million as we paid down existing lease contracts and no new leases were added. The corresponding right of use lease asset will also decrease as this lease liability and accrued interest payable decrease.
 - Long-term debt decreased \$14.0 million. This decrease is due primarily to principal payments on existing bonds. Please see Note 7 for more information on repayments of debt.
 - Net pension liability decreased \$162.3 million. Although the University is required to record the net pension liability, the University is not setting aside reserve cash balances or budgeting to fund this liability.

- **Deferred Inflows of Resources** - Increased \$87.5 million as a result of the following changes:
 - Deferred inflows related to pensions increased \$114.1 million and deferred inflows related to OPEB decreased \$25.3 million. There are multiple factors affecting these changes, please see Note 11 for detailed information.
 - Deferred inflows related to leases decreased \$1.2 million. This decreases as the lease receivable and accrued interest receivable decreases.
- **Net Position** - Is classified into three major categories:
 - Net investment in capital assets - The net equity in property, plant, and equipment owned by the University.
 - Restricted - Owned by the University, but the use or purpose of the funds is restricted by an external source or entity. The restricted category is subdivided further into nonexpendable and expendable.
 - Restricted nonexpendable - Endowment funds whose principal may be invested; however, only interest, dividends, and capital gains may be spent.
 - Restricted expendable - May be spent by the institution, but only for the purpose specified by the donor, grantor, or other external entity. This category includes the unspent balance in grant funds, loan funds, capital funds, and the interest, dividends, and capital gains on endowment funds.
 - Unrestricted - Resources derived primarily from student tuition, fees, state appropriations, and auxiliary enterprises. These are used for the general obligations of the University and may be used at the discretion of the board of trustees for any purpose furthering the University's mission.

Net position for the three years ended June 30, 2022 is as follows:

(in thousands)	2022	2021	2020
Net Investment in capital assets	\$ 658,269	\$ 678,669	\$ 692,388
Restricted:			
Nonexpendable	23,214	23,671	22,682
Expendable	33,149	37,960	28,443
Total Restricted	56,363	61,631	51,125
Unrestricted:			
Pension & OPEB	(306,200)	(393,397)	(495,158)
Unrestricted-all other	571,600	586,150	429,785
Total Unrestricted	265,400	192,753	(65,373)
Total net position	\$ 980,032	\$ 933,053	\$ 678,140

Total net position increased \$47.0 million in fiscal year 2022. This includes an increase of \$87.2 million for the current year impact of the pension and OPEB adjustments, offset with a decrease of \$40.2 million for fiscal year 2022 activity. There is a long-term strategy in place to position the University to remain relevant and competitive. This strategy encompasses prudent resource planning and utilization including:

- Managing expenses while strategically investing in new programs.

- Creating reserves for protection from revenue shortfalls and improvement in the financial strength of the University.
- Management of cash flows, reserve balances and debt in a strategic manner.

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position is the University's income statement and presents the results of operations. It should be noted that the required subtotal for net operating income or loss will generally reflect a loss for state-supported colleges and universities.

In accordance with GASB reporting principles, the revenues and expenses are primarily reported as either operating or nonoperating. Revenue is generated by providing goods and services to customers, predominately students. Nonoperating revenue includes the instructional subsidy from the State of Ohio, which Ohio University relies upon for current operations. Other revenue includes state capital appropriations. Operating expenses include all expenses except for interest on debt and disposal and write-offs of plant facilities, which are reported as nonoperating expenses.

The following is a summary of the statement of revenues, expenses, and changes in net position for the three years ended June 30, 2022:

(in thousands)	2022	2021	2020
Net position - Beginning of year	\$ 933,053	\$ 678,140	\$ 708,310
Operating revenues	450,394	398,526	473,423
Operating expenses	607,016	556,997	739,371
Operating loss	(156,622)	(158,471)	(265,948)
Net nonoperating revenue	175,213	392,694	212,675
Income (loss) before other revenue	18,591	234,223	(53,273)
Other revenue	28,388	20,690	23,103
Increase (decrease) in net position	46,979	254,913	(30,170)
Net position - End of year	\$ 980,032	\$ 933,053	\$ 678,140

Highlights from the statement of revenues, expenses, and changes in net position include:

- Operating revenues increased \$51.9 million for fiscal year 2022.
 - Net student tuition and fees revenue decreased \$7.6 million and is comprised of a \$8.9 million decrease in student tuition and fees offset by a \$1.3 million decrease in scholarships. The revenue decrease was driven by enrollment declines for undergraduate students on the regional campuses as well as decreased summer enrollments on the Athens campus.
 - Net auxiliary enterprises revenue increased \$52.6 million. The increase is comprised of a \$62.2 million increase in revenue offset by a \$9.6 million increase in auxiliary scholarships. The increases are driven by the lifting of COVID-19 related restrictions that impacted normal operations. Culinary services revenue increased \$24.1 million, housing and residential life revenue increased \$32.7 million, and intercollegiate athletics revenue increased \$3.9 million.
 - Grants and contracts included in the operating revenue category increased \$2.8 million for fiscal year 2022 and is comprised of a \$2.9 million increase in federal grants, a \$0.1 million

- increase in private grants, and a \$0.2 million decrease in state grants. These changes are due to the cyclical nature of grant funding.
- Sales and services revenue increased \$3.3 million mainly due to the reversal of COVID-19 related closures and includes increases of \$1.2 million in childcare and professional services, \$0.6 million in registration fees, \$0.5 million in ticket and event sales, and additional smaller increases for computer, software and accessory sales, and recreation, health, and wellness sales.
 - Operating expenses increased \$50.0 million for fiscal year 2022.
 - The unfunded pension and OPEB adjustments accounted for \$14.6 of this increase. Without these adjustments, operating expenses increased a net \$35.4 million.
 - The VSRP offered in fiscal year 2022 had associated costs of \$5.9 million, compared to costs of \$2.8 million for the VSRP offered during fiscal year 2021 causing a \$3.1 million increase in operating expense.
 - There was a one-time bonus payout of \$7.2 million in salaries and benefits in 2022. See note 9 for detailed information on changes in functional and natural expenditure categories.
 - Auxiliary enterprises expense increases, for cost of goods sold, mainly related to food costs, supplies and services, utilities, and salaries and wages, totaled \$16.3 million for fiscal year 2022, due to the lifting of COVID-19 related restrictions.
 - Travel and entertainment costs increased \$5.4 million from fiscal year 2021 to 2022 due to the lifting of travel restrictions related to COVID-19.
 - Student aid expense, defined as amounts disbursed back to students, increased \$4.1 million and includes an increase of \$10.4 million of HEERF grant funds awarded as emergency aid to students offset by decreases of University awards disbursed back to students, many related to COVID-19.
 - Increases in grants and contracts revenue caused a corresponding increase in operating expenditures.
 - Net nonoperating revenues decreased \$217.5 million for fiscal year 2022.
 - Federal HEERF revenue increased \$12.3 million during fiscal year 2022.
 - Federal Pell grant revenue decreased \$2.8 million due to decreased student enrollment and fewer Pell eligible students.
 - During fiscal year 2021 the University received \$22.5 million in federal grants nonexchange revenue from the Coronavirus Relief Fund (CRF) authorized by the CARES Act. This funding was not received again during fiscal year 2022, causing a decrease of \$22.5 million in federal grants nonexchange revenue.
 - Net investment income decreased \$201.7 million primarily due to negative investment returns.
 - Other revenue increased \$7.7 million and is made up of an increase of \$3.4 million in State capital appropriations combined with an increase of \$4.3 million in capital grants and gifts. The increase is due to the timing of capital projects in the University's capital improvement plan.

One of the University's operational strengths is the diverse streams of revenue that supplement its student tuition and fees. This includes private support from individuals, foundations, and corporations, along with government and other sponsored programs, state appropriations, and investment income. Consistent with its mission, the University continues to seek funding from all possible sources to supplement student tuition and to responsibly manage financial resources used to fund operating activities.

Management's Discussion and Analysis (Continued)

A comparison of operating and nonoperating revenue for the three years ended June 30, 2022 is as follows:

(in thousands)	2022	% of Total	2021	% of Total	2020	% of Total
Student tuition and fees, net	\$ 288,791	38.4%	\$ 296,435	41.8%	\$ 322,714	44.6%
State appropriations	187,261	24.8%	186,805	26.4%	176,388	24.4%
Gifts, grants, and contracts	125,306	16.6%	128,406	18.2%	78,865	10.9%
Auxiliary enterprises, net	80,602	10.7%	27,989	4.0%	70,829	9.8%
Pell grants	25,184	3.3%	27,947	4.0%	32,168	4.5%
State capital appropriations	18,826	2.5%	15,406	2.2%	12,662	1.8%
Sales and services	15,188	2.0%	11,859	1.7%	15,680	2.2%
Other sources	12,594	1.7%	11,852	1.7%	13,193	1.8%
Subtotal	753,752	100.0%	706,699	100.0%	722,499	100.0%
Investment income (loss), net	(67,186)		134,518		21,219	
Total	<u>\$ 686,566</u>		<u>\$ 841,217</u>		<u>\$ 743,718</u>	

Operating and nonoperating revenue, before investment income (loss), increased \$47.1 million for fiscal year 2022. The increase was mainly due to increases in Auxiliary revenue after COVID-19 restrictions, in place during parts of fiscal years 2020 and 2021, were lifted. Net student tuition and fees revenue which had decreased \$26.3 million from fiscal year 2020 to 2021, decreased by only \$7.6 million from fiscal year 2021 to 2022.

A comparison of operating and nonoperating expenses for the three years ended June 30, 2022 is as follows:

(in thousands)	2022	% of Total	2021	% of Total	2020	% of Total
Instruction	\$ 219,555	30.3%	\$ 219,897	31.9%	\$ 248,472	33.7%
Academic support	65,107	9.0%	59,963	8.7%	72,839	9.9%
Auxiliary enterprises	65,045	8.9%	48,778	7.1%	79,083	10.7%
Depreciation and amortization	63,344	8.7%	62,481	9.1%	58,330	7.9%
Student services	57,602	7.9%	55,021	8.0%	60,784	8.4%
Operation and maintenance of plant	53,197	7.3%	44,558	6.5%	48,863	6.6%
Institutional support	52,468	7.2%	46,389	6.7%	52,509	7.1%
Public service	43,962	6.0%	53,539	7.8%	28,257	3.8%
Research	37,927	5.2%	36,268	5.3%	37,255	5.1%
Student aid	36,007	5.0%	31,864	4.6%	15,401	2.1%
Interest on debt	26,218	3.6%	26,617	3.9%	27,969	3.8%
Other nonoperating expense	6,351	0.9%	2,691	0.4%	6,548	0.9%
Subtotal	726,783	100.0%	688,066	100.0%	736,310	100.0%
Pension and OPEB expense (revenue)	(87,197)		(101,762)		37,579	
Total	<u>\$ 639,586</u>		<u>\$ 586,304</u>		<u>\$ 773,889</u>	

Although many functional expense categories have increased during fiscal year 2022 due to the lifting of Covid-19 related expense restrictions, public service has decreased due to considerable Covid-19 related testing, cleaning, and other public health measures charged to this function in fiscal year 2021. The VSRP

offered in fiscal year 2020 temporarily increased the instruction function as \$10.8 million in buyouts were charged that year. Some instructional faculty who took the buyout also chose to continue working through Fall semester in fiscal year 2021, this contributed to the slightly higher instruction function in fiscal year 2021 as compared to 2022. A review of the order of functional expenditures and percent of total comparisons year over year are useful for analysis.

Student aid is listed as an operating expenditure and is defined as the funds a student receives for financial aid in excess of his or her tuition and fees for a given term that is then disbursed back to the student. For fiscal year 2022 this includes \$25.6 million in emergency aid to students from the HEERF grant. This should be added to scholarships, which are shown as offsetting tuition and fees, and auxiliary enterprises revenue, to determine total scholarships and aid awarded for the fiscal year.

The University continues to make cost containment a priority. This strategy will allow the University to direct financial resources to the most strategic activities of the institution. This is critical as the University continues to face significant financial pressures due to declining enrollments as well as deferred maintenance of buildings and infrastructure. In addition to a functional classification of expenses above, the University has prepared operating expenses by natural classification in Note 9 to the financial statements.

Statement of Cash Flows

The statement of cash flows provides additional information about the University's financial results and presents detailed information about the major sources and uses of cash for the institution for the fiscal year. The cash flow analysis is divided into four sections: (1) operating activities, (2) noncapital financing activities (which include state appropriations as well as gift revenue), (3) capital and related financing activities (which include debt activity), and (4) investing activities.

A comparative summary of the statement of cash flows for the three years ended June 30, 2022 is as follows:

(in thousands)	2022	2021	2020
Cash (used in) provided by:			
Operating activities	\$ (192,059)	\$ (210,709)	\$ (175,286)
Noncapital financing activities	274,715	287,427	226,841
Capital financing activities	(71,801)	(97,989)	(79,376)
Investing activities	8,040	4,222	49,104
Net increase (decrease) in cash	18,895	(17,049)	21,283
Cash - Beginning of year	164,519	181,568	160,285
Cash - End of year	<u>\$ 183,414</u>	<u>\$ 164,519</u>	<u>\$ 181,568</u>

Capital Assets

The University made significant additions to capital assets during fiscal year 2022. These capital asset additions were financed with University funds, bond funds, state capital appropriations, gifts, and grants. The largest additions to capital during the fiscal year were the final construction costs for the new Heritage College of Osteopathic Medicine (HCOM) Heritage Hall and the new Chemistry Building. There were also major renovations to Grosvenor for administration relocations and to Alden Library for the HVAC system.

Additions to construction in progress during fiscal year 2022 include \$21.6 million for Clippinger renovations and \$20.9 million for Russ Research Opportunity Center construction. Cumulative costs associated with capital projects continuing after the fiscal year ended June 30, 2022 total \$66.9 million and are included in capital assets as construction in progress. More detailed information about the University's capital assets is presented in Note 5 to the financial statements.

Debt Administration

As of June 30, 2022, the University had \$627.1 million in bonds and notes outstanding, compared to \$640.0 million at the end of 2021. The decrease is due to the annual principal payments. Detailed information exists in Note 7 related to borrowings and retirements for fiscal years 2022 and 2021.

Ohio University takes its stewardship responsibility seriously and works diligently to manage the institution's resources effectively, including the use of debt to finance capital projects. The University is committed to using debt conservatively to maintain an acceptable credit rating and debt burden ratio. A solid debt rating and debt burden ratio is a key measurement of financial strength. Standard & Poor's and Moody's reaffirmed their long-term credit rating in April 2022 and March 2022, respectively. Standard & Poor's Rating Services' long-term rating on Ohio University's outstanding general and subordinated general receipts bonds is an "A+" with an "unstable" outlook and Moody's Investors Service's rating is an "Aa3" with a "stable" outlook.

Additional debt issuances may be needed in the future for the purpose of various academic and auxiliary facility needs.

Senate Bill 6 Ratios

Senate Bill 6 ratios, enacted into law in 1997 by the Ohio General Assembly, are used to assist the State in monitoring the financial accountability of state colleges and universities by using a standard set of measures with which to monitor the fiscal health of campuses. To meet the legislative intent, there are three ratios from which four scores are generated. The data and methodology used to compute the ratios are as follows:

- Expendable net position - The sum of unrestricted net position and restricted expendable net position
- Plant debt - Total debt, including bonds payable, notes payable, and capital lease obligations
- Total revenue – The sum of operating revenue, nonoperating revenue, and other revenue
- Total operating expenses – The sum of operating expenses and interest on debt
- Total nonoperating expenses – Other nonoperating expense
- Change in total net position - Total revenue less total expenses (operating and nonoperating)

The methodology for calculating the three ratios is as follows:

- Viability Ratio = $\text{Expendable Net Position} / \text{Plant Debt}$
 - This ratio measures the availability of expendable net position to cover debt should the institution need to settle its obligations as of the balance sheet date.
- Primary Reserve Ratio = $\text{Expendable Net Position} / \text{Total Operating Expenses}$
 - This ratio provides a snapshot of financial strength and flexibility by indicating how long the institution could function using its expendable reserves without relying on additional net position generated by operations.
- Net Income Ratio = $\text{Change in Total Net Position} / \text{Total Revenue}$

Management's Discussion and Analysis (Continued)

- This ratio offers a measure of profitability as a percentage of all institutional revenue including revenue received for capital needs.

Based on the calculations, each ratio is assigned a score ranging from zero to five according to the table below. A score of 5 indicates the highest degree of fiscal strength in each category.

Scores	0	1	2	3	4	5
Viability Ratio	less than 0	0 to 0.29	0.30 to 0.59	0.6 to 0.99	1.0 to 2.5	greater than 2.5
Primary Reserve Ratio	less than -0.1	-0.1 to 0.049	0.05 to 0.099	0.10 to 0.249	0.25 to 0.49	0.5 or greater
Net Income Ratio	less than -.05	-0.05 to 0	0 to 0.009	0.01 to 0.029	0.03 to 0.049	0.05 or greater

Based on these scores, a summary score, termed the composite score, is determined, which is the primary indicator of fiscal health. The composite score equals the sum of the assigned viability score multiplied by 30%, the assigned primary reserve score multiplied by 50%, and the assigned net income score multiplied by 20%.

In an effort to appropriately recognize the incorporation of GASB Statement Nos. 68 for the unfunded pension liability and No. 75 for the unfunded OPEB liability/asset as an accounting change rather than a structural change in the true financial condition of the institution, the Ohio Department of Higher Education will calculate institutional financial ratios from fiscal year 2015 onward both including and excluding associated impacts of those GASB Statements. Pursuant to administrative rule (126:3-1-01) established in response to Senate Bill 6 of the 122nd General Assembly, a composite score of or below 1.75 for two consecutive years results in an institution being placed on fiscal watch. For the purposes of this determination, the Chancellor will utilize composite scores excluding associated impacts of GASB Statement Nos. 68 and 75.

We have presented the ratios and scores excluding the effects of GASB Statement Nos. 68 and 75 as summarized below:

	2022		2021		2020	
	Ratio	Score	Ratio	Score	Ratio	Score
Viability Ratio	0.964	3	0.975	3	0.702	3
Primary Reserve Ratio	0.839	5	0.911	5	0.628	5
Net Income Ratio	(0.059)	-	0.182	5	0.0099	2
Viability Score (30%)		0.9		0.9		0.9
Primary Reserve Score (50%)		2.5		2.5		2.5
Net Income Score (20%)		-		1.0		0.4
Composite Score		<u>3.4</u>		<u>4.4</u>		<u>3.8</u>

The viability ratio, which uses expendable net position as the numerator and debt as the denominator, has decreased due to a decrease in expendable net position that was larger than the decrease to debt this fiscal year. The primary reserve ratio, which uses expendable net position as the numerator and operating expenses as the denominator, has also decreased during fiscal year 2022 due to a decrease in expendable net position and an increase in operating expenses. The net income ratio, which uses the change in total net position as the numerator and total revenue as the denominator, has also decreased during fiscal year 2022 due to large investment losses causing a negative total net position and a smaller total revenue. Overall, the viability and primary reserve scores have not changed over the 3-year period

presented. The net income score has decreased this year, causing the composite score to decrease from 4.4 in fiscal year 2021 down to 3.4 for fiscal year 2022.

Economic Outlook

The University is in a strong financial position. We have managed our financials in a conservative way so that we have the reserves needed to make investments moving forward. Our strong balance sheet and increased fiscal year 2023 freshman enrollments put the University in an excellent position to make strategic investments.

While the University is committed to operating as efficiently as possible and continues a collective focus on reducing expenses, it is also committed to maintaining investment in the University mission and strategic priorities. That level of investment will be balanced with the financial resources available in the University's competitive environment. This will mean making choices of where we should invest and what we can no longer afford to do. It will also mean ensuring incentives align with priorities and that we have analytics and clear metrics to measure the success of our investments.

While it is not possible to predict the results, management believes that prudent planning and aligning resources to strategic priorities will allow the University to both maintain a strong financial position and successfully invest in strategic initiatives.

Requests for Information

This management's discussion and analysis is intended to provide additional information for the reader of the audited financial statements that follow. Further questions may be addressed to: Ohio University Controller's Office, Ridges Building #18, 3rd floor, Athens, Ohio 45701.

Statements of Net Position

	June 30, 2022		June 30, 2021	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	\$ 148,906,645	\$ 29,695,056	\$ 108,989,252	\$ 26,970,334
Investments	304,431,789	59,083,323	329,176,431	61,684,853
Accounts and contributions receivable, net	57,311,456	6,891,887	67,484,191	9,206,736
Lease receivable	1,404,046	-	1,319,228	-
Interest and dividends receivable	1,577,887	824,527	1,478,032	760,740
Notes receivable, net	952,715	-	1,144,168	-
Prepaid expenses	12,959,919	580,209	11,718,138	490,310
Inventories	2,756,185	147,155	2,279,502	133,863
Total current assets	530,300,642	97,222,157	523,588,942	99,246,836
Noncurrent Assets				
Restricted cash and cash equivalents	34,507,338	-	55,529,923	-
Contributions receivable, net	-	2,838,423	-	3,562,836
Bequests receivable	-	9,371,873	-	10,715,463
Cash surrender value of life insurance	-	1,165,466	-	1,232,908
Split-interest agreement assets	-	18,067,458	-	22,557,003
Investments - noncurrent	226,009,728	5,468,656	258,637,496	6,867,189
Endowment investments	125,481,428	500,570,739	143,437,124	571,105,191
Lease receivable - noncurrent	17,051,175	-	17,983,840	-
Notes receivable - noncurrent, net	8,422,435	-	10,093,078	-
Net OPEB asset	39,031,161	-	28,746,602	-
Assets held for sale	-	2,876,392	-	-
Right of use lease assets, net	15,848,678	-	18,153,810	-
Capital assets, net	1,140,881,110	9,788,807	1,142,010,508	12,506,034
Total noncurrent assets	1,607,233,053	550,147,814	1,674,592,381	628,546,624
Total assets	2,137,533,695	647,369,971	2,198,181,323	727,793,460
Deferred Outflows of Resources				
Deferred outflows related to pensions	63,511,863	-	49,640,359	-
Deferred outflows related to OPEB	1,595,758	-	12,004,198	-
Deferred outflows - other	350,762	-	426,472	-
Total deferred outflows of resources	65,458,383	-	62,071,029	-
Total Assets and Deferred Outflows of Resources	\$ 2,202,992,078	\$ 647,369,971	\$ 2,260,252,352	\$ 727,793,460

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

Statements of Net Position (Continued)

	June 30, 2022		June 30, 2021	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 68,542,817	\$ 5,278,337	\$ 74,353,121	\$ 970,352
Unearned revenue	27,331,116	-	36,988,756	-
Deposits and other liabilities	4,850,184	6,049,414	4,027,999	7,163,698
Lease liability - current portion	2,493,370	-	2,403,917	-
Long-term debt - current portion	13,952,655	47,117	13,635,468	156,407
Funds held on behalf of others	1,277,089	411,294	1,305,087	398,340
Total current liabilities	118,447,231	11,786,162	132,714,348	8,688,797
Noncurrent Liabilities				
Compensated absences	18,790,331	-	19,795,142	-
Other noncurrent liabilities	17,668,405	-	15,387,573	-
Lease liability	17,277,434	-	19,770,804	-
Long-term debt	619,937,882	152,823	633,890,537	1,164,152
Net pension liability	159,906,116	-	322,180,996	-
Total noncurrent liabilities	833,580,168	152,823	1,011,025,052	1,164,152
Total liabilities	952,027,399	11,938,985	1,143,739,400	9,852,949
Deferred Inflows of Resources				
Deferred inflows related to pensions	203,020,774	-	88,927,123	-
Deferred inflows related to OPEB	47,411,404	-	72,679,642	-
Deferred inflows related to leases	17,927,955	-	19,148,188	-
Deferred gain on bond refunding	2,572,234	-	2,705,379	-
Total deferred inflows of resources	270,932,367	-	183,460,332	-
Net Position				
Net investment in capital assets	658,269,137	9,788,807	678,668,657	12,523,276
Restricted:				
Nonexpendable:				
Endowments	23,213,669	267,782,904	23,670,895	253,699,878
Other	-	11,941,915	-	15,870,919
Expendable:				
Sponsored programs	6,987,396	-	6,262,101	-
Component unit funds	4,232,891	5,468,656	5,246,624	6,867,189
Capital projects	2,862,609	2,942,927	1,726,299	2,286,818
Loans	5,028,420	-	4,887,271	-
Endowments	14,037,987	136,327,483	19,837,505	208,055,020
Other	-	80,533,482	-	73,231,794
Unrestricted	265,400,203	120,644,812	192,753,268	145,405,617
Total net position	980,032,312	635,430,986	933,052,620	717,940,511
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 2,202,992,078	\$ 647,369,971	\$ 2,260,252,352	\$ 727,793,460

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

Ohio University

Statements of Revenues, Expenses, and Changes in Net Position Years ended June 30, 2022 and 2021

	2022		2021	
	The Ohio University		The Ohio University	
	Ohio University	Foundation	Ohio University	Foundation
Operating Revenues				
Student tuition and fees	\$ 372,985,688	\$ -	\$ 381,914,659	\$ -
Less: Pell grants	(20,971,674)	-	(24,981,011)	-
Less: Other scholarships	(63,223,040)	-	(60,498,765)	-
Net Student tuition and fees	288,790,974	-	296,434,883	-
Auxiliary enterprises	94,959,434	-	32,789,232	-
Less: Pell grants-room and board	(2,275,078)	-	(611,339)	-
Less: Other scholarships-room and board	(12,081,884)	-	(4,188,830)	-
Net Auxiliary enterprises	80,602,472	-	27,989,063	-
Federal grants and contracts	36,298,486	-	33,346,983	-
State and other grants and contracts	5,771,700	-	5,989,353	-
Private grants and contracts	11,155,414	-	11,057,900	-
Sales and services	15,187,521	-	11,858,526	-
Other sources	12,587,288	6,486,873	11,849,322	4,494,150
Total operating revenues	450,393,855	6,486,873	398,526,030	4,494,150
Operating Expenses				
Educational and general:				
Instruction	219,554,933	12,027,643	219,897,360	10,633,677
Research	37,927,009	5,144,579	36,267,706	4,040,391
Public service	43,961,645	957,079	53,539,417	732,321
Academic support	65,106,784	5,903,899	59,963,293	940,330
Student services	57,601,742	1,303,610	55,020,478	614,108
Institutional support	52,467,613	15,133,490	46,388,745	15,293,455
Operation and maintenance of plant	53,197,243	-	44,558,192	-
Student aid (including Pell grants of \$1,936,854 in 2022 and \$2,354,335 in 2021 for Ohio University)	36,006,561	9,380,420	31,863,917	8,623,782
Depreciation and amortization	63,344,012	1,157,041	62,480,937	1,196,502
Auxiliary enterprises	65,044,913	-	48,778,428	-
Pension and OPEB revenue	(87,197,089)	-	(101,761,763)	-
Operating expenses - related entities	-	5,802,556	-	4,349,875
Total operating expenses	607,015,366	56,810,317	556,996,710	46,424,441
Operating Loss	\$ (156,621,511)	\$ (50,323,444)	\$ (158,470,680)	\$ (41,930,291)

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

Ohio University

Statements of Revenues, Expenses, and Changes in Net Position (Continued) Years ended June 30, 2022 and 2021

	2022		2021	
	The Ohio University		The Ohio University	
	Ohio University	Foundation	Ohio University	Foundation
Nonoperating Revenue (Expenses)				
State appropriations	\$ 187,260,792	\$ -	\$ 186,805,431	\$ -
Higher Education Emergency Relief Fund (HEERF)	53,599,755	-	41,260,480	-
Federal grants - Pell	25,183,606	-	27,946,685	-
Federal grants nonexchange	3,237,332	-	25,611,179	-
State and other grants nonexchange	5,687,261	-	5,859,174	-
Private gifts	-	27,154,289	-	27,051,385
University support	-	3,263,158	-	3,460,441
Investment income (loss), net	(67,185,526)	(76,492,392)	134,518,466	152,239,357
Interest on debt	(26,217,915)	-	(26,616,603)	-
Other nonoperating expense	(6,351,934)	-	(2,691,129)	-
Net nonoperating revenue	<u>175,213,371</u>	<u>(46,074,945)</u>	<u>392,693,683</u>	<u>182,751,183</u>
Income (Loss) Before Other Revenue	<u>18,591,860</u>	<u>(96,398,389)</u>	<u>234,223,003</u>	<u>140,820,892</u>
Other Revenue				
State capital appropriations	18,825,753	-	15,406,266	-
Capital grants and gifts	9,555,659	-	5,281,569	-
Additions to permanent endowments	<u>6,420</u>	<u>13,888,864</u>	<u>1,830</u>	<u>16,541,037</u>
Total other revenue	<u>28,387,832</u>	<u>13,888,864</u>	<u>20,689,665</u>	<u>16,541,037</u>
Increase (Decrease) in Net Position	<u>46,979,692</u>	<u>(82,509,525)</u>	<u>254,912,668</u>	<u>157,361,929</u>
Net Position				
Beginning of year	<u>933,052,620</u>	<u>717,940,511</u>	<u>678,139,952</u>	<u>560,578,582</u>
End of year	<u>\$ 980,032,312</u>	<u>\$ 635,430,986</u>	<u>\$ 933,052,620</u>	<u>\$ 717,940,511</u>

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

Statements of Cash Flows Years ended June 30, 2022 and 2021

	Ohio University	
	2022	2021
Cash Flows From Operating Activities		
Student tuition and fees	\$ 287,384,357	\$ 297,174,985
Grants and contracts	63,962,158	41,010,985
Payments to suppliers	(152,969,370)	(124,069,819)
Payments to or on behalf of employees	(438,402,687)	(420,909,561)
Payments for scholarships and fellowships	(57,096,006)	(53,583,597)
Loans issued to students	(1,130,805)	(2,383,512)
Collection of loans from students	1,702,196	2,107,888
Auxiliary enterprise sales	79,754,854	28,906,116
Sales and services	12,569,217	11,624,188
Other receipts	12,166,373	9,413,934
Net cash used in operating activities	(192,059,713)	(210,708,393)
Cash Flows From Noncapital Financing Activities		
State appropriations	187,260,792	186,805,431
Gifts and grants for other than capital purposes	87,714,374	100,679,348
Federal direct student loan program receipts	171,561,938	179,677,442
Federal direct student loan program disbursements	(171,793,741)	(180,059,427)
Student organization agency transactions	(27,998)	324,192
Net cash provided by noncapital financing activities	274,715,365	287,426,986
Cash Flows From Capital Financing Activities		
State capital appropriations	15,219,471	15,155,876
Capital grants and gifts received	5,689,985	5,281,569
Purchases of capital assets	(54,441,579)	(76,851,895)
Proceeds from sale of capital assets	2,336,456	-
Principal and interest paid on leases	(2,789,874)	(2,747,103)
Principal and interest received on leases	1,805,239	1,634,876
Principal paid on capital debt and financed purchases	(13,051,566)	(13,469,473)
Interest paid on capital debt and financed purchases	(26,569,218)	(26,993,227)
Net cash used in capital financing activities	(71,801,086)	(97,989,377)
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	133,670,902	400,097,130
Investment income	8,486,875	8,551,977
Purchase of investments	(134,117,535)	(404,427,616)
Net cash provided by investing activities	8,040,242	4,221,491
Net Increase (Decrease) In Cash And Cash Equivalents	18,894,808	(17,049,293)
Cash And Cash Equivalents - Beginning of year	164,519,175	181,568,468
Cash And Cash Equivalents - End of year	\$ 183,413,983	\$ 164,519,175
Supplemental Disclosure of Noncash Activities -		
Construction in progress in accounts payable	\$ 16,582,637	\$ 7,579,703

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

Statements of Cash Flows (Continued) Years ended June 30, 2022 and 2021

	Ohio University	
	2022	2021
Reconciliation of Operating Loss to Net		
Cash Used In Operating Activities:		
Operating loss	\$ (156,621,511)	\$ (158,470,680)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	63,344,012	62,480,937
Changes in operating assets and liabilities and deferred outflows of resources and deferred inflows of resources which (used) provided cash:		
Accounts receivable - net	2,784,158	(15,809,261)
Notes receivable - net	1,862,096	352,298
Prepaid expenses	(1,241,781)	763,274
Inventories	(476,684)	876,671
Net OPEB asset	(10,284,559)	(13,721,193)
Deferred outflows of resources related to pensions	(13,871,503)	26,461,946
Deferred outflows of resources related to OPEB	10,408,440	18,371,435
Accounts payable and accrued liabilities	(5,677,458)	(5,890,916)
Unearned revenue	(9,657,641)	6,619,824
Deposits and other liabilities	822,185	131,223
Net pension liability	(162,274,880)	(59,459,542)
Net OPEB liability	-	(125,213,548)
Deferred inflows of resources related to pensions	114,093,651	19,717,170
Deferred inflows of resources related to OPEB	(25,268,238)	32,081,969
Net Cash Used In Operating Activities	\$ (192,059,713)	\$ (210,708,393)

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

Note 1 - Organization, Basis of Presentation, and Significant Accounting Policies

Organization - Ohio University (the "University") is a public institution established by the State of Ohio (the "State") in 1804 under Chapter 3337 of the Ohio Revised Code (ORC). As such, it is a component unit of the State and is included as a discretely presented entity in the State's Comprehensive Annual Financial Report. The University is the oldest of the State-assisted universities in Ohio. It is defined by statute to be a body politic and corporate and an instrumentality of the State.

The University is governed by a board of trustees composed of nine trustees and two student trustees, all appointed by the governor. The board also includes two national trustees, one regional trustee, and the chair of the Ohio University Alumni Association Board of Directors or his or her designee. The national and regional trustees are appointed by the board for three-year terms. The nine trustees appointed by the governor will hold voting privileges. The two student trustees, the two national trustees, regional trustee, and the chair of the Ohio University Alumni Association Board of Directors may not vote on board matters, but their opinions and advice will be actively solicited and welcomed in board deliberations.

Basis of Presentation - The financial statements of the University have been prepared in accordance with accounting principles generally accepted in the United States of America. The presentation provides a comprehensive, entity-wide perspective of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, and changes in net position, and the direct method of cash flow presentation.

Certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government.

Management has determined that The Ohio University Foundation (the "Foundation") should be a discretely presented component unit in the University's financial statements. The Foundation is a separate legal 501(c)(3) entity, the University appoints the voting majority of their board, which is substantially different from the University board, and there is a financial benefit to/burden on the University, but no operational authority. The Foundation's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board. A separate financial report for the Foundation is available by contacting The Ohio University Foundation, 50 University Terrace, Athens, Ohio 45701, or by calling 740-593-1901. See Note 21 for additional disclosures regarding the Foundation.

Management has determined that Tech GROWTH Ohio Fund, University Medical Associates, Inc., the Coalition of Rural and Appalachian Schools, and Muskingum Recreation Center, should be presented as blended component units in the University's financial statements.

Tech GROWTH Ohio Fund (TGO) was established in August 2008, within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The exclusive purpose of the organization is for charitable, educational, and scientific endeavors in areas involving the advancement of technology, and increasing technology-based and/or other entrepreneurial commercialization ventures throughout southeast Ohio, with a focus on strategic technology-based sectors that offer economic development prospects for the region. TGO meets the criteria for a blended component unit. The University appoints

the voting majority of their board, there is a financial benefit to/burden on the University, and the University has operational authority. See Note 19 for more information.

University Medical Associates, Inc. (UMA) is a not-for-profit organization incorporated in the state of Ohio and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code and applicable state statutes. UMA provided medical services in private physician offices and clinic settings on the campus of Ohio University and surrounding locations. The assets and liabilities of UMA were sold to an outside party during fiscal year 2017. Trailing financial results are included in fiscal years 2022 and 2021. UMA continued to exist as a shell corporation to deal with malpractice and no longer employs the University's doctors or runs the University's clinic. UMA met the criteria for a blended component unit. The University appointed the voting majority of their board, there was a financial benefit to/burden on the University, and the University had operational authority. UMA was dissolved during fiscal year 2022.

Coalition of Rural and Appalachian Schools (CORAS) is a Regional Chapter of Governments pursuant to Chapter 167 of the Ohio Revised Code. CORAS is composed of 122 school districts, institutions of higher learning, and other educational agencies in the 35-county region of Ohio designated as Appalachia. In partnership with the University Patton College of Education the mission of CORAS is to advocate for and support the public schools of rural and Appalachia Ohio in the continuous improvement of educational opportunities available to the region's children. CORAS meets the criteria for a blended component unit due to its financial dependency on the University, the financial benefit to/burden on the University, as well as the University's operational authority. See Note 19 for more information.

Muskingum Recreation Center (MRC) was established in June 2009, as a nonprofit 501(c)(3) corporation of the Internal Revenue Code of 1986, as amended. The organization was originally founded with four entities that came together to form this partnership, one of which included Ohio University Zanesville (OUZ). The purpose of the organization is to promote health and wellness through recreational, fitness, and educational programming to a multi-generational population. It also provides recreational capacity for the students at the OUZ campus. In July 2018, the University became the sole member of the MRC. In October 2019, the University entered into an agreement with Buckeye Valley YMCA to continue the operations of the facilities as a community recreation center. The MRC is treated as a blended component unit of Ohio University due to the nature of the relationship.

In July 2022, the MRC assigned the facility lease agreement with Ohio University to Buckeye Valley YMCA (BVYMCA) thereby making the BVYMCA the tenant of Littick Hall, located on the Zanesville campus, for the remaining term. As a result of that agreement, the MRC Board determined that its core mission had been achieved and authorized the winding up of the MRC as an entity. The University is in the process of closing down the MRC organization.

Basis of Accounting - The University is a special-purpose government entity engaged in business-type activities. Accordingly, the financial statements are presented using an economic resources measurement focus and are presented on the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned and expenses are recorded when incurred. All significant interfund transactions have been eliminated. The financial statements of its component unit are also presented under the accrual basis of accounting.

Cash and Cash Equivalents - Cash consists primarily of petty cash, cash in banks, and money market accounts. Cash equivalents are short-term highly liquid investments readily convertible to cash with original maturities of three months or less. The University includes State Treasury Asset Reserve of Ohio (STAR Ohio) balances of \$35,106,112 and \$20,015,323 at June 30, 2022 and 2021, respectively, as cash equivalents. There are no limitations or restrictions on any STAR Ohio participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given to STAR Ohio 24 hours in advance of all deposits and withdrawals exceeding \$100.0 million. STAR Ohio reserves the right to limit the transaction to \$250.0 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250.0 million limit. Transactions in all of a participant's accounts will be combined for these purposes.

STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, *Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants*, which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price at which the investment could be sold on June 30, 2022 and 2021.

Investments - All investments are carried at fair value. Investments in publicly traded securities are stated at fair value as established by major securities markets. Nonpublicly traded investments are valued based on independent appraisals and estimates considering market prices of similar investments. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income (loss) in the statements of revenues, expenses, and changes in net position. Included in long-term investments is \$118.1 million and \$130.2 million of unspent Series 2014 bond proceeds as of June 30, 2022 and 2021, respectively, to be used to promote a sustainable approach to investing in the University's buildings and infrastructure.

Accounts Receivable - Accounts receivable consists primarily of amounts due for tuition and fees, grants and contracts, and auxiliary enterprise services. Grants and contracts receivable include amounts due from federal, state, and local governments, or private sources, as reimbursement for certain expenditures made in accordance with agreements. Uncollectible amounts have been reserved.

Lease Receivable - Present value of lease payments anticipated to be received during the lease term.

Inventories - Inventories are stated at the lower of weighted-average cost or net realizable value.

Restricted Cash and Cash Equivalents - Restricted cash and cash equivalents are funds restricted for capital expenditures subject to bond and note agreements held by bond trustees including \$30.3 million and \$50.1 million for Bond Series 2020, \$900 and \$1.1 million for Bond Series 2017A, and \$2.8 million and \$2.8 million for Bond Series 2012A & B, as of June 30, 2022 and 2021, respectively. In addition, it includes funds held in escrow based on terms and conditions of various agreements.

Net OPEB Asset - For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPERS and STRS Ohio Pension Plan and additions to/deductions from OPERS and STRS Ohio's fiduciary net position have been determined on the same basis as they are reported by OPERS

and STRS Ohio. OPERS and STRS Ohio use the economic resources measurement focus and the full accrual basis of accounting. For this purpose, OPERS and STRS Ohio recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Right of Use Lease Assets - Right of use assets are representative of the University's right to use an asset over the life of a lease in which it is the lessee. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received. Right of use assets are amortized over the shorter of the asset useful life or the term of the lease.

The following are the capitalization levels of the University right of use lease asset classes:

Right of Use Lease Asset Class	Capitalize At
Land	\$ 100,000
Buildings	\$ 100,000
Machinery and equipment	\$ 100,000

Capital Assets - Purchased or constructed capital assets are recorded at cost. Donated capital assets are recorded at their acquisition value as of the date received. Depreciation is calculated using the straight-line method over the estimated useful life of the asset.

The following are the capitalization levels and estimated useful lives of the University asset classes:

Asset Class	Capitalize At	Estimated Useful Life in years
Land	Any amount	N/A
Land improvements	\$ 100,000	N/A
Works of art and historical treasures	\$ 5,000	N/A
Infrastructure	\$ 100,000	10-50
Buildings	Any amount	40
Machinery and equipment	\$ 5,000	5-25
Library books and publications	Any amount	10
Bulk furniture and equipment	\$ 100,000	10
Transportation equipment	\$ 5,000	5-10
Purchased software	\$ 500,000	5-10
Internally developed software	\$ 500,000	5-10

Building renovations that significantly increase the value, change the use, or extend the useful life of the structure are also capitalized. The costs of normal maintenance and repairs are not capitalized. Land, land improvements, and works of art and historical treasures are not depreciated. Any impairment of capital assets and insurance recoveries is disclosed.

Deferred Outflows of Resources - In addition to assets, the statements of net position report a separate section for deferred outflows of resources. This separate financial statement element represents a

consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The University's deferred outflows of resources includes amounts related to the net pension liability and the net OPEB asset. See Note 11 for more information. Also included are amounts related to asset retirement obligations and deferred charges arising from losses on bond refundings when the amount transferred to the escrow agent to refund the bonds is in excess of the carrying value of the bonds.

Unearned Revenue - Unearned revenue includes amounts for tuition and fees, grants and contracts, and certain auxiliary activities received prior to the end of the fiscal year, related to the subsequent accounting period.

Compensated Absences - University employees earn vacation and sick leave benefits based, in part, on length of service. Upon separation from service, employees are paid their accumulated vacation and sick pay based upon the nature of separation (termination, retirement, or death). Certain limits are 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 the limits are forfeited. The estimated and accrued liability is recorded at year end in the statements of net position, and the net change from the prior year is recorded as a component of operating expense in the statements of revenues, expenses, and changes in net position.

Lease Liability - At the commencement of a lease, the University initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Net Pension Liability - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the OPERS and STRS Ohio Pension Plans and additions to/deductions from OPERS' and STRS Ohio's fiduciary net position have been determined on the same basis as they are reported by OPERS and STRS Ohio. Both OPERS and STRS Ohio use the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The University's deferred inflows of resources includes amounts related to leases, the net pension liability and the net OPEB asset. Also included are deferred charges arising when the carrying value of the refunded bonds is in excess of the amount transferred to the escrow agent to refund the bonds.

Net Position - Net position is classified into three major categories:

- Net investment in capital assets - The net equity in property, plant, and equipment owned by the University.

- **Restricted** - Owned by the University, but the use or purpose of the funds is restricted by an external source or entity. The restricted net position category is subdivided further into nonexpendable and expendable.
 - **Restricted nonexpendable** - Endowment funds whose principal may be invested; however, only interest, dividends, and capital gains may be spent.
 - **Restricted expendable** - May be spent by the institution, but only for the purpose specified by the donor, grantor, or other external entity. This category includes the unspent balance in grant funds, loan funds, debt service funds, and the interest, dividends, and capital gains on endowment funds.
- **Unrestricted** - Resources derived primarily from student tuition, fees, state appropriations, and auxiliary enterprises. They are used for the general obligations of the University and may be used at the discretion of the board of trustees for any purpose furthering the University's mission.

Restricted Versus Unrestricted Resources - When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to apply the expense at the discretion of University management.

Income Taxes - The University is an organization described in Section 115 of the Internal Revenue Code (Code) and has further been classified as an organization that is not a private foundation in accordance with Sections 509(a)(1) and 170(b)(1)(A)(ii) of the Code. However, certain revenues are considered unrelated business income and are taxable under Code Sections 511 through 513.

Classification of Revenue - Revenue is classified as either operating or nonoperating.

- **Operating revenue** includes revenue from activities that have characteristics similar to exchange transactions. These include student tuition and fees (net of scholarship discounts and allowances), sales and services of auxiliary enterprises (net of scholarship discounts and allowances), and certain federal, state, local and private grants, and contracts. The presumption is that there is a fair exchange of value between all parties to the transaction.
- **Nonoperating revenue** includes revenue from activities that have the characteristics of nonexchange transactions, such as state appropriations, certain federal, state, and other grants. The implication is that such revenues are derived from more passive efforts related to the acquisition of the revenue, rather than the earning of it.

Scholarship Discounts and Allowances - Student tuition and fee revenue, and certain other payments recorded as auxiliary enterprises revenue, are 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 charge for tuition and fees, and the amount paid by students or by third parties on the students' behalf. Scholarship discounts and allowances were \$98,551,676 (of which \$84,194,714 is netted against student tuition and fees and \$14,356,962 is netted against auxiliary enterprises revenue) and \$90,279,945 (of which \$85,479,776 is netted against student tuition and fees and \$4,800,169 is netted against auxiliary enterprises revenue) as of June 30, 2022 and 2021, respectively.

Auxiliary Enterprises - Auxiliary revenue is from residence halls, culinary services, intercollegiate athletics, printing services, and parking and transportation services. It is shown net of scholarship discounts and allowances for room and board.

Operating Revenue - Other Sources - Other sources revenue is primarily from research consortium memberships, rebates from contractual agreements, and noncredit training programs.

Eliminations - The University eliminates interfund assets and liabilities and revenue and expenses related to internal activities and to blended component units. Any transactions with related parties are conducted on terms equivalent to those prevailing in an arm's-length transaction.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) may require management to make estimates and assumptions that affect certain amounts reported in the financial statements. The estimates and assumptions are based on currently available information and actual results could differ from those estimates.

Reclassifications - Certain prior year amounts have been reclassified to conform to the current year presentation. Beginning net position has not been affected by these changes.

Recently Adopted Accounting Pronouncements

- In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The provisions of this statement were effective for the University's financial statements for the year ending June 30, 2021. The adoption did not have a significant impact on the University's financial statements.
- In fiscal year 2019 the University adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period is not capitalized and included in the historical cost of a capital asset. The effective date of the standard is for the year ending June 30, 2022, however, the university elected to adopt the standard early. The adoption did not have a significant impact on the University's financial statements.
- In June 2017, GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The new lease standard has a significant effect on the University's financial statement results. See Note 20 for more information. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2022.

- In January 2020, GASB issued Statement No. 92, *Omnibus 2020*, which enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of certain GASB Statements, including No. 84 and No. 87. The requirements of this statement are effective for the University's financial statements for the year ending June 30, 2022. The adoption did not have a significant impact on the University's financial statements.
- In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*, which addresses accounting and financial reporting implications resulting from the replacement of an IBOR rate. The removal of the London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate is effective for the University's financial statements for the year ending June 30, 2022. The other requirements of this statement were effective for the University's financial statements for the year ending June 30, 2021. The adoption did not have a significant impact on the University's financial statements.
- In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this statement are to 1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and 3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. 1) and 2) are effective immediately and 3) is effective for the University's financial statements for the year ending June 30, 2022. The adoption did not have a significant impact on the University's financial statements.

Upcoming Accounting Pronouncements

- In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. As a result, issuers should not recognize a liability for items meeting the definition of conduit debt; however, a liability should be recorded for additional or voluntary commitments to support debt service if certain recognition criteria are met. The standard also addresses the treatment of arrangements where capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The University is currently evaluating the impact of this standard. The requirements of the standard will be applied retrospectively and are effective for the University's financial statements for the year ending June 30, 2023.

- In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which provides accounting and financial reporting requirements for PPPs that 1) meet the definition of a service concession arrangement or 2) are not within the scope of Statement No. 87. The University is currently evaluating the impact of this standard. The requirements of this statement are effective for the University's financial statements for the year ending June 30, 2023.
- In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance on the accounting and financial reporting requirements for subscription-based information technology arrangements (SBITAs). This statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to use subscription asset—an intangible asset—and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than the subscription payments, including implementation costs of a SBITA; and 4) requires note disclosures regarding a SBITA. The University is currently evaluating the impact of this standard. The requirements of this statement are effective for the University's financial statements for the year ending June 30, 2023.
- In April 2022, GASB issued Statement No. 99, *Omnibus 2022*, which establishes or amends accounting and financial reporting requirements for specific issues related to 1) the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP) (formerly, food stamps), nonmonetary transactions, pledges of future revenues, the focus of government-wide financial statements, and terminology; 2) leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements (SBITAs); and 3) financial guarantees and the classification and reporting of derivative instruments. 1) is effective immediately, 2) is effective for the University's financial statements for the year ending June 30, 2023, and 3) is effective for the University's financial statements for the year ending June 30, 2024.
- In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*, which enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement are effective for the University's financial statements for the year ending June 30, 2024.
- In June 2022, GASB Statement No. 101, *Compensated Absences*, which requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences and requires that a liability for specific types of compensated absences not be recognized until the leave is used. In addition, the statement establishes guidance for measuring a liability for leave that has not been used. The

requirements of this statement are effective for the University's financial statements for the year ending June 30, 2024.

Note 2 - Deposits with Financial Institutions, Cash and Cash Equivalents, and Investments

As of June 30, 2022, the carrying amount of the University's cash and cash equivalents for all funds was \$183,413,983 compared to bank balances of \$184,957,311. As of June 30, 2021, the carrying amount of the University's cash and cash equivalents for all funds was \$164,519,175 compared to bank balances of \$165,908,745. The difference in carrying amounts and bank balances is caused by outstanding checks and deposits-in-transit. At June 30, 2022, of the bank balances, \$1,315,881 is covered by the Federal Deposit Insurance Corporation (FDIC) and \$114,778,162 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

Certain University investments, including endowment investments and long-term working capital investments, are pooled with the Foundation's investments, and held in the Foundation's name.

The University's investment portfolio may include investments in the following:

- Obligations of the U.S. Treasury and other federal agencies and instrumentalities
- Municipal and State bonds
- Certificates of deposit
- Repurchase agreements
- Mutual funds
- Commercial paper
- Corporate bonds and notes
- Common and preferred stock
- Asset-backed securities
- Hedge funds
- Private equity, private debt and venture capital
- Real assets

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

U.S. government and agency securities are invested through trust agreements with banks that keep the securities in their safekeeping accounts at the Federal Reserve Bank in "book entry" form. The banks internally designate the securities as owned by or pledged to the University. Common stocks, corporate bonds, money market instruments, mutual funds, and other investments are invested through trust agreements with banks that keep the investments in their safekeeping account in the appropriate custodial bank in "book entry" form. The banks internally designate the securities as owned by or pledged to the University.

Notes to Financial Statements (Continued)
June 30, 2022 and 2021

The values of investments as of June 30, 2022 and 2021 are as follows:

Investment Type	2022	2021
Money market mutual funds	\$ 12,003,675	\$ 20,023,466
US government obligations	14,166,120	19,441,346
Mortgage-backed securities	12,368,509	12,120,310
Asset-backed securities	28,891,027	32,693,074
Corporate bonds and notes	53,977,999	47,427,070
Bond mutual funds	127,531,802	140,384,661
Notes and convertible notes	300,000	150,000
US common and preferred stock	10,648,667	13,924,819
US equity mutual funds	152,703,596	181,663,326
US equity commingled funds	20,673,252	23,379,233
International equity mutual funds	105,462,347	129,375,464
Hedge funds	25,874,877	23,845,765
Public real asset funds	23,683,051	10,198,499
Direct private equity investments	1,401,960	3,681,758
Private capital funds	66,236,063	72,942,260
Total	<u>\$ 655,922,945</u>	<u>\$ 731,251,051</u>

The University's investment strategy incorporates certain financial instruments that involve, to varying degrees, elements of market risk in excess of amounts recorded in the financial statements. Market risk is the potential for changes in the value of financial instruments due to market changes, including interest and foreign exchange rate movements and rate fluctuations embodied in forwards, futures, commodities, or security prices. Market risk is directly impacted by the volatility and liquidity of the markets in which the related underlying assets are traded.

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 rate.

As of June 30, 2022, maturities of the University's interest-bearing investments are as follows:

Investment Type	Market Value	Investment Maturities			
		Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
Money market mutual funds	\$ 12,003,675	\$ 12,003,673	\$ -	\$ -	\$ -
US government obligations	14,166,120	-	10,840,640	-	3,325,480
Mortgage-backed securities	12,368,509	3,052,148	996,896	-	8,319,465
Asset-backed securities	28,891,027	-	27,955,638	935,389	-
Corporate bonds and notes	53,977,999	22,059,211	29,126,136	162,869	2,629,783
Bond mutual funds	127,531,802	-	52,213,761	68,844,739	6,473,302
Notes and convertible notes	300,000	300,000	-	-	-
Total	<u>\$ 249,239,132</u>	<u>\$ 37,415,032</u>	<u>\$ 121,133,071</u>	<u>\$ 69,942,997</u>	<u>\$ 20,748,030</u>

Notes to Financial Statements (Continued)

June 30, 2022 and 2021

As of June 30, 2021, maturities of the University's interest-bearing investments are as follows:

Investment Type	Market Value	Investment Maturities			
		Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
Money market mutual funds	\$ 20,023,466	\$ 20,023,466	\$ -	\$ -	\$ -
U.S. government obligations	19,441,346	3,271,154	11,891,062	-	4,279,130
Mortgage-backed securities	12,120,310	791,218	5,510,620	-	5,818,472
Asset-backed securities	32,693,074	-	30,866,565	1,574,624	251,885
Corporate bonds and notes	47,427,070	9,158,567	37,409,040	647,285	212,178
Bond mutual funds	140,384,661	-	55,820,619	76,849,764	7,714,278
Convertible notes	150,000	150,000	-	-	-
Total	<u>\$ 272,239,927</u>	<u>\$ 33,394,405</u>	<u>\$ 141,497,906</u>	<u>\$ 79,071,673</u>	<u>\$ 18,275,943</u>

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's risk of loss in the event of counterparty default is typically limited to the amounts recognized in the statement of net position and is not represented by the contract or notional amounts of the instruments. Credit quality, as commonly expressed in terms of credit ratings issued by nationally recognized statistical rating organizations such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings, provides a current depiction of potential variable cash flows and credit risk.

The credit ratings of the University's interest-bearing investments as of June 30, 2022 are as follows:

	Market Value	Credit Quality (S&P)						Unrated
		AAA	AA	A	BBB	BB	B	
Money market mutual funds	\$ 12,003,675	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$12,003,675
US government obligations	14,166,120	14,166,120	-	-	-	-	-	-
Mortgage-backed securities	12,368,509	11,440,164	-	-	-	-	-	928,345
Asset-backed securities	28,891,027	23,155,988	1,627,281	1,015,080	-	-	1,146,116	1,946,562
Corporate bonds and notes	53,977,999	3,507,058	1,783,005	25,944,348	21,711,858	-	-	1,031,730
Bond mutual funds	127,531,802	-	86,166,352	19,977,348	13,523,266	-	7,864,836	-
Notes and convertible notes	300,000	-	-	-	-	-	-	300,000
Total	<u>\$249,239,132</u>	<u>\$52,269,330</u>	<u>\$89,576,638</u>	<u>\$46,936,776</u>	<u>\$35,235,124</u>	<u>\$ -</u>	<u>\$9,010,952</u>	<u>\$16,210,312</u>

Notes to Financial Statements (Continued)
June 30, 2022 and 2021

The credit ratings of the University's interest-bearing investments as of June 30, 2021 are as follows:

	Market Value	Credit Quality (S&P)						Unrated
		AAA	AA	A	BBB	BB	B	
Money market mutual funds	\$ 20,023,466	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$20,023,466
U.S. government obligations	19,441,346	19,441,346	-	-	-	-	-	-
Mortgage-backed securities	12,120,310	12,120,310	-	-	-	-	-	-
Asset-backed securities	32,693,074	25,016,700	1,246,488	671,906	-	-	186,509	5,571,471
Corporate bonds and notes	47,427,070	2,333,720	1,594,301	15,174,002	26,728,035	656,726	940,286	-
Bond mutual funds	140,384,661	-	87,351,779	6,839,254	30,144,250	7,368,044	8,681,334	-
Convertible notes	150,000	-	-	-	-	-	-	150,000
Total	<u>\$272,239,927</u>	<u>\$58,912,076</u>	<u>\$90,192,568</u>	<u>\$22,685,162</u>	<u>\$56,872,285</u>	<u>\$ 8,024,770</u>	<u>\$9,808,129</u>	<u>\$25,744,937</u>

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. As of June 30, 2022 and 2021, the University had no custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2022 and 2021, there were no single-issuer investments that exceeded 5% of total investments.

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's exposure to foreign currency is limited to its investment in international equity mutual funds. The value of this investment was \$105.5 million and \$129.4 million as of June 30, 2022 and 2021, respectively.

Fair Value Measurements - The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The University's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Notes to Financial Statements (Continued)

June 30, 2022 and 2021

The University has the following recurring fair value measurements as of June 30, 2022 and 2021:

		Fair Value at Reporting Date Using		
	Balance at June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Investments by fair value level</u>				
Fixed-income investments:				
U.S. government obligations	\$ 14,166,120	\$ 14,166,120	\$ -	\$ -
Mortgage-backed securities	12,368,509	-	12,368,509	-
Asset-backed securities	28,891,027	-	28,891,027	-
Corporate bonds and notes	53,977,999	-	53,977,999	-
Bond mutual funds	127,531,802	127,531,802	-	-
Subtotal fixed-income investments	236,935,457	141,697,922	95,237,535	-
Public equity investments:				
U.S. common and preferred stock	10,648,667	10,648,667	-	-
U.S. equity mutual funds	152,703,596	152,703,596	-	-
International equity mutual funds	65,204,795	65,204,795	-	-
Subtotal public equity investments	228,557,058	228,557,058	-	-
Alternative investments:				
Notes and convertible notes	300,000	-	-	300,000
Public real assets funds	23,683,051	23,683,051	-	-
Direct private equity investments	1,401,960	-	-	1,401,960
Subtotal alternative investments	25,385,011	23,683,051	-	1,701,960
Total investments by fair value level	\$ 490,877,526	\$ 393,938,031	\$ 95,237,535	\$ 1,701,960
<u>Investments measured at net asset value (NAV)</u>				
US equity commingled funds	20,673,252			
International equity mutual funds	40,257,552			
Hedge funds	25,874,877			
Private capital funds	66,236,063			
Subtotal investments measured at NAV	153,041,744			
Total investments measured at fair value	\$ 643,919,270			

Notes to Financial Statements (Continued)

June 30, 2022 and 2021

		Fair Value at Reporting Date Using		
	Balance at June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Investments by fair value level</u>				
Fixed-income investments:				
U.S. government obligations	\$ 19,441,346	\$ 19,441,346	\$ -	\$ -
Mortgage-backed securities	12,120,310	-	12,120,310	-
Asset-backed securities	32,693,074	-	32,693,074	-
Corporate bonds and notes	47,427,070	-	47,427,070	-
Bond mutual funds	140,384,661	140,384,661	-	-
Subtotal fixed-income investments	252,066,461	159,826,007	92,240,454	-
Public equity investments:				
U.S. common and preferred stock	13,924,819	13,924,819	-	-
U.S. equity mutual funds	181,663,326	181,663,326	-	-
International equity mutual funds	86,961,897	86,961,897	-	-
REITs	10,198,499	10,198,499	-	-
Subtotal public equity investments	292,748,541	292,748,541	-	-
Alternative investments:				
Notes and convertible notes	150,000	-	-	150,000
Direct private equity investments	3,681,758	-	-	3,681,758
Subtotal alternative investments	3,831,758	-	-	3,831,758
Total investments by fair value level	\$ 548,646,760	\$ 452,574,548	\$ 92,240,454	\$ 3,831,758
<u>Investments measured at net asset value (NAV)</u>				
US equity commingled funds	23,379,233			
International equity mutual funds	42,413,567			
Hedge funds	23,845,765			
Private capital funds	72,942,260			
Subtotal investments measured at NAV	162,580,825			
Total investments measured at fair value	\$ 711,227,585			

As of June 30, 2022 and 2021, the University invested in money market funds in the amounts of \$12,003,673 and \$20,023,466, respectively, which are not included in the tables above.

Investments classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of many fixed income securities, including mortgage-backed securities, corporate bonds and notes, and municipal bonds, at June 30, 2022 and 2021 was determined primarily based on Level 2 inputs. The University estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

The fair value of certain alternative investments, including convertible notes and direct private equity investments, at June 30, 2022 and 2021 was determined primarily based on Level 3 inputs. The Organization estimates the fair value of these investments using the University's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Notes to Financial Statements (Continued)

June 30, 2022 and 2021

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table.

Investments in Entities that Calculate Net Asset Value per Share - The University holds shares or interests in investment companies where the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Investments Reported at Net Asset Value				
	June 30, 2022	June 30, 2021	June 30, 2022		
	Fair Value	Fair Value	Unfunded Commitment	Redemption Frequency, if Eligible	Redemption Notice Period
Fixed-income investments:					
US equity commingled funds (1)	\$ 20,673,252	\$ 23,379,233	\$ -	Monthly	10 days
International equity mutual funds (2)	40,257,552	42,413,567	-	Monthly	1-30 days
Hedge funds (3)	25,874,877	23,845,765	6,548,578	Quarterly or Annually	45-90 days
Private capital funds (4)	66,236,063	72,942,260	73,768,778	None	None
Total	<u>\$ 153,041,744</u>	<u>\$ 162,580,825</u>	<u>\$ 80,317,355</u>		

- (1) US equity commingled funds include a fund which invests in domestic large cap stocks with the objective of achieving over time a total return that exceeds that of the S&P 500 Composite Index. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (2) International equity mutual funds include a fund which seeks to achieve total return in excess of the MSCI Emerging Markets Index through investing in the world's emerging stock markets and an international large cap fund which uses a bottom up, research driven value strategy that focuses on maximizing intrinsic value. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (3) Hedge funds include absolute and total return funds that are broadly diversified across managers, investment strategies, and investment venues. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (4) Private capital funds are broadly diversified across managers, investment stages, geography, industry sectors, and company size. This asset category includes private equity, private debt, private real estate, and venture capital funds. It includes individual fund investments, as well as fund of funds investments. The fair values of the investments in this class have been estimated using the net asset value of the Organization's ownership interest in partners' capital. The investments in the private capital asset class cannot be redeemed with the funds. Distributions from each fund will be

received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next one to thirteen years.

Note 3 - Accounts Receivable

The composition of accounts receivable at June 30, 2022 and 2021 is summarized as follows:

	2022	2021
Student tuition and fees	\$ 42,768,494	\$ 44,617,563
Grants and contracts	13,314,929	31,334,852
Direct Lending Loans	1,928,249	1,696,446
Other	17,271,081	6,261,617
Total accounts receivable	75,282,753	83,910,478
Less allowance for doubtful accounts	(17,971,297)	(16,426,287)
Accounts receivable, net	<u>\$ 57,311,456</u>	<u>\$ 67,484,191</u>

Note 4 - Notes Receivable

The University's notes receivable at June 30, 2022 and 2021 is net of allowance for doubtful accounts of \$1,236,621 and \$1,682,141, respectively. Principal repayment and interest terms vary. Federal loan programs are funded primarily through borrower repayments, Federal contributions under Perkins and various Health Professions loan programs.

The University distributed \$171,793,741 and \$180,059,427 for student loans through the U.S. Department of Education Federal Direct Lending program during the years ended June 30, 2022 and 2021, respectively. These distributions and the related funding sources are included as cash disbursements and cash receipts in the accompanying Statement of Cash Flows.

In March 2019, the Foundation entered into an internal loan agreement for \$1,712,750 with the University to fund the renovation of the Konneker Alumni Center, which is owned by the Foundation. Both the University and Foundation Boards of Trustees approved the project and funding it through an internal loan. The loan was to be repaid over a period of no more than 10 years, and the interest rate at June 30, 2022 is 4.75%, compounded quarterly and is variable, based on the blended cost of the University's outstanding debt, plus an administrative fee. The loan was paid in full as of June 30, 2022.

Notes to Financial Statements (Continued) June 30, 2022 and 2021

The composition of notes receivable at June 30, 2022 and 2021 is as follows:

	2022	2021
Student loan program	\$ 10,050,390	\$ 11,006,176
The Ohio University Foundation	-	1,320,559
Heritage College of Osteopathic Medicine former students	561,381	592,652
Total notes receivable	10,611,771	12,919,388
Less allowance for doubtful accounts	(1,236,621)	(1,682,141)
Notes receivable, net	9,375,150	11,237,246
Less current portion	(952,715)	(1,144,168)
Notes receivable - noncurrent, net	\$ 8,422,435	\$ 10,093,078

The composition of the allowance for doubtful accounts on notes receivable at June 30, 2022 and 2021 is as follows:

	2022	2021
Student loan program	\$ (772,538)	\$ (1,218,058)
Heritage College of Osteopathic Medicine former students	(464,083)	(464,083)
Total allowance for doubtful accounts	\$ (1,236,621)	\$ (1,682,141)

Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Note 5 - Capital Assets and Right of Use Lease Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Additions	Transfers	Retirements	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 29,864,557	\$ 221,501	\$ -	\$ (168,587)	\$ 29,917,471
Land improvements	4,701,091	-	-	-	4,701,091
Construction in progress	18,829,322	50,468,590	(2,121,527)	(327,809)	66,848,576
Works of art and historical treasures	18,888,175	3,770,500	-	-	22,658,675
Total capital assets not being depreciated	72,283,145	54,460,591	(2,121,527)	(496,396)	124,125,813
Capital assets being depreciated:					
Infrastructure	231,490,202	1,123,364	(1,047,795)	(710,079)	230,855,692
Buildings	1,474,208,651	5,352,500	3,169,322	(8,149,772)	1,474,580,701
Machinery and equipment	179,335,395	4,110,035	1,689,084	(12,265,303)	172,869,211
Library books and publications	78,654,751	518,600	(1,689,084)	(482,239)	77,002,028
Total capital assets being depreciated	1,963,688,999	11,104,499	2,121,527	(21,607,393)	1,955,307,632
Total capital assets	2,035,972,144	65,565,090	-	(22,103,789)	2,079,433,445
Less accumulated depreciation:					
Infrastructure	107,873,423	9,304,336	-	(346,958)	116,830,801
Buildings	575,620,440	42,005,260	-	(4,578,866)	613,046,834
Machinery and equipment	137,807,375	9,097,552	-	(11,040,118)	135,864,809
Library books and publications	72,660,398	631,732	-	(482,239)	72,809,891
Total accumulated depreciation	893,961,636	61,038,880	-	(16,448,181)	938,552,335
Total capital assets being depreciated, net	1,069,727,363	(49,934,381)	2,121,527	(5,159,212)	1,016,755,297
Capital assets, net	<u>\$1,142,010,508</u>	<u>\$ 4,526,210</u>	<u>\$ -</u>	<u>\$ (5,655,608)</u>	<u>\$1,140,881,110</u>

Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Transfers	Retirements	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 29,909,464	\$ -	\$ -	\$ (44,907)	\$ 29,864,557
Land improvements	4,701,091	-	-	-	4,701,091
Construction in progress	111,443,717	8,305,585	(100,427,695)	(492,285)	18,829,322
Works of art and historical treasures	18,575,932	312,243	-	-	18,888,175
Total capital assets not being depreciated	164,630,204	8,617,828	(100,427,695)	(537,192)	72,283,145
Capital assets being depreciated:					
Infrastructure	212,394,522	7,747,132	11,348,548	-	231,490,202
Buildings	1,335,364,285	50,981,015	89,079,147	(1,215,796)	1,474,208,651
Machinery and equipment	171,934,404	8,865,085	-	(1,464,094)	179,335,395
Library books and publications	78,445,092	640,835	-	(431,176)	78,654,751
Total capital assets being depreciated	1,798,138,303	68,234,067	100,427,695	(3,111,066)	1,963,688,999
Total capital assets	1,962,768,507	76,851,895	-	(3,648,258)	2,035,972,144
Less accumulated depreciation:					
Infrastructure	98,805,157	9,068,266	-	-	107,873,423
Buildings	536,192,327	40,009,491	-	(581,378)	575,620,440
Machinery and equipment	128,324,514	10,927,439	-	(1,444,578)	137,807,375
Library books and publications	72,920,966	170,608	-	(431,176)	72,660,398
Total accumulated depreciation	836,242,964	60,175,804	-	(2,457,132)	893,961,636
Total capital assets being depreciated, net	961,895,339	8,058,263	100,427,695	(653,934)	1,069,727,363
Capital assets, net	<u>\$ 1,126,525,543</u>	<u>\$ 16,676,091</u>	<u>\$ -</u>	<u>\$ (1,191,126)</u>	<u>\$ 1,142,010,508</u>

Right of use lease asset activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Right of use lease assets:				
Land	\$ 319,262	\$ -	\$ -	\$ 319,262
Buildings	19,629,002	-	-	19,629,002
Machinery and equipment	510,679	-	-	510,679
Total right of use lease assets	20,458,943	-	-	20,458,943
Less accumulated amortization:				
Land	20,113	20,113	-	40,226
Buildings	2,159,308	2,159,308	-	4,318,616
Machinery and equipment	125,712	125,711	-	251,423
Total accumulated amortization	2,305,133	2,305,132	-	4,610,265
Right of use lease assets, net	<u>\$ 18,153,810</u>	<u>\$ (2,305,132)</u>	<u>\$ -</u>	<u>\$ 15,848,678</u>

Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Right of use lease asset activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021
Right of use lease assets:				
Land	\$ 319,262	\$ -	\$ -	\$ 319,262
Buildings	19,629,002	-	-	19,629,002
Machinery and equipment	510,679	-	-	510,679
Total right of use lease assets	<u>20,458,943</u>	<u>-</u>	<u>-</u>	<u>20,458,943</u>
Less accumulated amortization:				
Land	-	20,113	-	20,113
Buildings	-	2,159,308	-	2,159,308
Machinery and equipment	-	125,712	-	125,712
Total accumulated amortization	<u>-</u>	<u>2,305,133</u>	<u>-</u>	<u>2,305,133</u>
Right of use lease assets, net	<u>\$ 20,458,943</u>	<u>\$ (2,305,133)</u>	<u>\$ -</u>	<u>\$ 18,153,810</u>

Note 6 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2022 and 2021 consisted of the following:

	2022	2021
Accrued payroll	\$ 12,646,214	\$ 21,100,233
Accrued self-insurance claims	6,244,841	6,742,979
Accrued compensated absences - current portion	3,657,974	3,145,924
Other accrued liabilities	6,436,152	6,597,221
Vendor and other payables	39,557,636	36,766,764
Total accounts payable and accrued liabilities	<u>\$ 68,542,817</u>	<u>\$ 74,353,121</u>

Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Note 7 - Long-term Debt

The University's long-term debt at June 30, 2022 is summarized as follows:

	July 1, 2021	Additions	Reductions	June 30, 2022	Current
Direct Borrowings and Direct Placements - Bonds:					
Ohio Air Quality Development Authority bonds - Series 2012A	\$ 5,453,674	\$ -	\$ 1,909,433	\$ 3,544,241	\$ 1,943,612
Ohio Air Quality Development Authority bonds - Series 2012B	8,500,000	-	-	8,500,000	-
Direct Borrowings and Direct Placements - Other:					
Series 2017B (line of credit)	65,500	-	-	65,500	-
Financed purchase obligations	162,591	-	77,133	85,458	22,726
General Receipts Bonds - Fixed Rate:					
General receipts bonds - Series 2020	220,620,000	-	1,980,000	218,640,000	5,795,000
General receipts bonds - Series 2017A	146,245,000	-	2,705,000	143,540,000	2,845,000
General receipts bonds - Series 2014	250,000,000	-	-	250,000,000	-
General receipts bonds - Series 2013	5,550,000	-	2,715,000	2,835,000	2,835,000
General receipts bonds - Series 2012	3,665,000	-	3,665,000	-	-
Unamortized bond premiums	7,264,240	-	583,902	6,680,338	511,317
Total long-term debt	<u>\$ 647,526,005</u>	<u>\$ -</u>	<u>\$ 13,635,468</u>	<u>\$ 633,890,537</u>	<u>\$ 13,952,655</u>

The University's long-term debt at June 30, 2021 is summarized as follows:

	July 1, 2020	Additions	Reductions	June 30, 2021	Current
Direct Borrowings and Direct Placements - Bonds:					
Ohio Air Quality Development Authority bonds - Series 2012A	\$ 7,329,530	\$ -	\$ 1,875,856	\$ 5,453,674	\$ 1,909,433
Ohio Air Quality Development Authority bonds - Series 2012B	8,500,000	-	-	8,500,000	-
Direct Borrowings and Direct Placements - Other:					
Series 2017B (line of credit)	65,500	-	-	65,500	-
Financed purchase obligations	267,057	128,032	232,498	162,591	77,133
General Receipts Bonds - Fixed Rate:					
General receipts bonds - Series 2020	222,575,000	-	1,955,000	220,620,000	1,980,000
General receipts bonds - Series 2017A	148,820,000	-	2,575,000	146,245,000	2,705,000
General receipts bonds - Series 2014	250,000,000	-	-	250,000,000	-
General receipts bonds - Series 2013	8,165,000	-	2,615,000	5,550,000	2,715,000
General receipts bonds - Series 2012	7,225,000	-	3,560,000	3,665,000	3,665,000
Unamortized bond premiums	7,920,359	-	656,119	7,264,240	583,902
Total long-term debt	<u>\$ 660,867,446</u>	<u>\$ 128,032</u>	<u>\$ 13,469,473</u>	<u>\$ 647,526,005</u>	<u>\$ 13,635,468</u>

On April 1, 2020, the University issued general receipts bonds Series 2020 in the amount of \$222,575,000. The proceeds are being used for new construction and upgrades to capital facilities and to pay the issuance costs of the bonds. Proceeds in the amount of \$38,030,000 were used to advance refund the callable Series 2012 bonds and \$124,215,000 were used to advance refund the callable Series 2013 bonds.

On November 15, 2019, the University renewed its general receipts obligations Series 2017B (Line of Credit) with a maximum principal amount not to exceed \$50,000,000 for three years through November 30, 2022. With renewal options, final maturity is December 1, 2025. Advances on the line of credit will be used to provide funds to finance the costs of capital facilities and to pay costs of issuance. The amount advanced as of June 30, 2020 is \$65,500 and was used to pay costs of issuance. The Series 2017B Obligations advanced and outstanding bear interest at a variable rate of interest per annum equal to the Bank Index Rate not to exceed the Maximum Rate as defined in the agreement. The fiscal year 2022 interest rates on advances ranged from .54% to 1.87%. The undrawn/unused fee is 0.18% when advances are less than or equal to \$25,000,000 and is reduced to 0.13% when advances exceed \$25,000,000.

On March 1, 2017, the University issued general receipts bonds Series 2017A in the amount of \$156,150,000. The proceeds are being used for new construction and upgrades to capital facilities and to pay the issuance costs of the bonds. Proceeds in the amount of \$29,115,000 were used to refund the 2006A&B bonds and \$6,565,000 were used to advance refund the callable 2008A bonds.

On November 14, 2014, the University issued general receipts bonds (federally taxable) Series 2014 in the amount of \$250,000,000. The proceeds are being used for new construction and upgrades to capital facilities, including capital expenditures for deferred maintenance of various campus facilities and energy infrastructure facilities. Proceeds were also used to pay costs of issuance of the Series 2014 Bonds.

On May 22, 2013, the University issued general receipts bonds Series 2013 in the amount of \$145,170,000. The proceeds were used to develop extension campuses in Columbus and Cleveland, Ohio for a number of programmatic initiatives including the expansion of the Heritage College of Osteopathic Medicine, for renovations to multiple academic buildings, for construction of a new Indoor Multi-Purpose Facility for various instructional, athletic, and recreational uses, and to complete the Housing Development Phase I, which consisted of the construction of a new residential housing facility, student support spaces, and residential housing administration office space. Proceeds were also used to refund the 2001 bonds and the 2004 bonds.

On July 31, 2012, the University issued general receipts notes, Ohio Air Quality Development Authority ("OAQDA") Series 2012A & B in the amount of \$28,640,370. The Series 2012A is an OAQDA tax-exempt bond for \$20,140,370 and Series 2012B is an OAQDA tax-credit revenue bond (Qualified Energy Conservation Bond) for \$8,500,000. The proceeds were used for financing the costs of air quality facilities in order to promote the public purposes of Chapter 3706, of the ORC.

On February 29, 2012, the University issued general receipts bonds Series 2012 in the amount of \$76,470,000. The proceeds were used to develop an extension campus in Columbus, Ohio for a number of programmatic initiatives including the expansion of the Heritage College of Osteopathic Medicine, for renovations to multiple academic buildings, for infrastructure improvements including a chilled water expansion, and for additional upgrades to the University's existing information technology network. Proceeds were also used to refund portions of the 2003 and 2004 bonds.

On June 2, 2009, the University issued general receipts bonds Series 2009 in the amount of \$26,645,000. The proceeds were used to purchase and implement a new student information system and to upgrade the University's existing information technology network infrastructure.

These obligations are secured by a gross pledge of and first lien on the general receipts of the University. The general receipts include the full amount of every type and character of campus receipts, except for State appropriations and receipts previously pledged or otherwise restricted.

The University's bonds are secured by a Trust Agreement dated as of May 1, 2001 ("Master Trust Agreement"), as supplemented by a First Supplemental Trust Agreement dated as of May 1, 2001, a Second Supplemental Trust Agreement dated as of September 1, 2003, a Third Supplemental Trust Agreement dated as of October 1, 2003, a Fourth Supplemental Trust Agreement dated as of March 15, 2004, a Fifth Supplemental Trust Agreement dated as of February 1, 2006, a Sixth Supplemental Trust Agreement dated as of April 1, 2006, a Seventh Supplemental Trust Agreement dated as of July 1, 2008, an Eighth Supplemental Trust Agreement dated as of May 1, 2009 entered into in connection with the issuance of the Series 2009 bonds, a Ninth Supplemental Trust Agreement dated as of February 1, 2012 entered into in connection with the issuance of the Series 2012 bonds, a Tenth Supplemental Trust Agreement dated as of July 1, 2012 entered into in connection with the issuance of the Series 2012A & B bonds, an Eleventh Supplemental Trust Agreement dated as of October 1, 2012, a Twelfth Supplemental Trust Agreement dated as of June 1, 2013 entered into in connection with the issuance of the Series 2013 bonds, a Thirteenth Supplemental Trust Agreement dated as of November 1, 2014 entered into in connection with the issuance of the Series 2014 bonds, a Fourteenth Supplemental Trust Agreement dated as of March 1, 2017 entered into in connection with the issuance of the Series 2017A bonds, a Fifteenth Supplemental Trust Agreement dated as of November 1 2017 entered into in connection with the issuance of Series 2017B obligations (Line of Credit) each between the University and U.S. Bank National Association, a Sixteenth Supplemental Trust Agreement dated as of April 1, 2020 entered into in connection with the issuance of the Series 2020 bonds.

Details of the series are as follows:

Series	Interest Rate	Maturity Fiscal Year	Initial Issue Amount	Outstanding at June 30, 2022
Direct Borrowings and Direct Placements - Bonds:				
2012A	2.00%-5.00%	2024	\$ 20,140,370	\$ 3,544,241
2012B	2.00%-5.00%	2028	8,500,000	8,500,000
General Receipts Bonds - Fixed Rate:				
2012	2.00%-5.00%	2043	76,470,000	-
2013	2.00%-5.00%	2044	145,170,000	2,835,000
2014	5.59%	2115	250,000,000	250,000,000
2017A	1.50%-5.00%	2048	156,150,000	143,540,000
2020	1.34%-3.02%	2051	222,575,000	218,640,000
				<u>\$ 627,059,241</u>

Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Principal and interest payment requirements for the bonded debt for the years subsequent to June 30, 2022 are summarized as follows:

Years Ending June 30	Bonds		Direct Borrowings and Direct Placements		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 11,475,000	\$ 25,777,479	\$ 1,943,612	\$ 360,547	\$ 13,418,612	\$ 26,138,026
2024	10,975,000	25,460,501	1,978,403	321,837	12,953,403	25,782,338
2025	11,040,000	25,188,808	2,009,661	263,344	13,049,661	25,452,151
2026	9,060,000	24,960,216	2,023,527	188,730	11,083,527	25,148,946
2027	9,225,000	24,771,491	2,037,490	113,601	11,262,490	24,885,092
2028-2032	47,270,000	120,607,608	2,051,548	37,954	49,321,548	120,645,562
2033-2037	36,725,000	115,027,487	-	-	36,725,000	115,027,487
2038-2042	35,050,000	110,047,294	-	-	35,050,000	110,047,294
2043-2047	101,805,000	99,659,787	-	-	101,805,000	99,659,787
2048-2052	92,390,000	75,114,192	-	-	92,390,000	75,114,192
2053-2057	-	69,875,000	-	-	-	69,875,000
2055-2062	-	69,875,000	-	-	-	69,875,000
2063-2067	-	69,875,000	-	-	-	69,875,000
2068-2072	-	69,875,000	-	-	-	69,875,000
2073-2077	-	69,875,000	-	-	-	69,875,000
2078-2082	-	69,875,000	-	-	-	69,875,000
2083-2087	-	69,875,000	-	-	-	69,875,000
2088-2092	-	69,875,000	-	-	-	69,875,000
2093-2097	-	69,875,000	-	-	-	69,875,000
2098-2102	-	69,875,000	-	-	-	69,875,000
2103-2107	-	69,875,000	-	-	-	69,875,000
2108-2112	-	69,875,000	-	-	-	69,875,000
2113-2116	250,000,000	34,937,500	-	-	250,000,000	34,937,500
Total	<u>\$ 615,015,000</u>	<u>\$ 1,520,052,362</u>	<u>\$ 12,044,241</u>	<u>\$ 1,286,012</u>	<u>\$ 627,059,241</u>	<u>\$ 1,521,338,374</u>

Financed purchase obligations - The University has \$94,015 in financed purchase obligations that have maturity dates through fiscal year 2027 and carry interest rates ranging from 3.00% to 14.78%. These arrangements are being used to provide financing for certain equipment. Capital asset balances as of June 30, 2022 that are financed, have an acquisition cost of \$128,032 with accumulated depreciation of \$23,078 and a net book value of \$104,954.

Notes to Financial Statements (Continued)
June 30, 2022 and 2021

The scheduled maturities of these financed purchase obligations at June 30, 2022 are as follows:

Years Ending June 30	Minimum Payments
2023	\$ 26,903
2024	26,903
2025	21,894
2026	<u>18,315</u>
Total minimum payments	94,015
Less amount representing interest	<u>8,557</u>
Net minimum payments	85,458
Less current portion	<u>22,726</u>
Noncurrent obligations	<u><u>\$ 62,732</u></u>

Note 8 – GASB 87 Leases

The University leases various facilities, land and equipment under lease agreements which have been recorded according to the GASB 87 standard. The University has one lease which includes variable usage payments which were not included in the calculation of the lease liability. The amount of outflows of resources for these variable payments are \$4,800 and \$342 for the years ended June 30, 2022 and 2021, respectively. The University is leasing land from the Foundation of which \$319,262 is included in the University right to use assets with the term ending in 2036.

The future principal and interest payments as of June 30, 2022 are as follows:

Years Ending June 30	Principal Payments	Interest Payments	Total Payments
2023	\$ 2,527,509	\$ 404,491	\$ 2,932,000
2024	2,585,543	356,921	2,942,464
2025	2,626,272	305,919	2,932,191
2026	2,683,902	254,673	2,938,575
2027	2,783,675	201,614	2,985,289
2028-2032	8,703,347	274,513	8,977,860
2033-2036	<u>74,707</u>	<u>4,268</u>	<u>78,975</u>
Total	<u><u>\$ 21,984,955</u></u>	<u><u>\$ 1,802,399</u></u>	<u><u>\$ 23,787,354</u></u>

The University leases various facilities and land to others under lease agreements which have been recorded according to the GASB 87 standard. The University has four leases which include variable receipts based on percentage of sales which were not included in the calculation of the lease receivable. The amount of inflows of resources for these variable receipts are \$224,191 and \$427,815 for the years ended June 30, 2022 and 2021, respectively. The University recognized \$476,043 and \$475,905 in

Notes to Financial Statements (Continued) June 30, 2022 and 2021

interest revenue and \$1,699,098 and \$1,561,977 in lease revenue for the years ended June 30, 2022 and 2021, respectively.

The University has entered into a lease - leaseback arrangement which is being reported as a net right to use asset and lease liability in the University financial statements. On March 14, 2014, the University leased 7.04 acres of land on the Dublin, Ohio campus to a tenant to develop and construct a three-story office building. The land lease is for 45 years ending on March 13, 2059, unless extended per terms of the contract.

Effective April 20, 2015, the University leased the newly constructed three-story office building back from the same tenant for a 15-year term ending on April 30, 2030, unless extended per terms of the contract.

The gross amounts of the two leases are as follows:

		Year Ending June 30, 2022	Year Ending June 30, 2021
Landlord/Lessor Total	Revenue	\$ 124,370	\$ 125,145
Tenant/Lessee Total	Expense	1,491,205	1,512,326
Net Total	Expense	<u>\$ 1,366,835</u>	<u>\$ 1,387,181</u>
Landlord/Lessor Total	Receivables	\$ 2,214,150	\$ 2,247,305
Tenant/Lessee Total	Liability	10,328,170	11,468,619
Net Total	Liability	<u>\$ 8,114,020</u>	<u>\$ 9,221,314</u>
Landlord/Lessor Total	Inflow of Resources	\$ 2,166,911	\$ 2,225,952
Tenant/Lessee Total	Net Asset Balance	10,030,833	11,311,364
Net Total	Net Asset Balance	<u>\$ 7,863,922</u>	<u>\$ 9,085,412</u>

Notes to Financial Statements (Continued) June 30, 2022 and 2021

Note 9 - Operating Expenses by Natural Classification

The University reports operating expenses by functional classification on the statements of revenues, expenses, and changes in net position.

Operating expenses by natural classification for the two years ended June 30, 2022 and 2021 are summarized as follows:

Year ended June 30, 2022	Compensation and Benefits	Supplies and Services	Professional Services	Utilities	Travel and Entertainment	Total
Instruction	\$204,866,624	\$ 8,234,037	\$ 4,309,565	\$ 6,474	\$ 2,138,233	\$219,554,933
Research	28,611,197	4,787,279	3,598,751	9,541	920,241	37,927,009
Public service	25,046,802	4,958,685	13,393,599	108,335	454,224	43,961,645
Academic support	50,830,646	12,451,945	1,266,867	193,153	364,173	65,106,784
Student services	34,576,121	7,277,431	14,622,173	46,819	1,079,198	57,601,742
Institutional support	38,348,075	9,735,391	3,646,732	284,451	452,964	52,467,613
Operation and maintenance of plant	33,902,760	1,090,665	6,503,925	11,653,275	46,618	53,197,243
Auxiliary enterprises	38,995,128	19,485,392	1,954,450	3,028,990	1,580,953	65,044,913
Total	\$455,177,353	\$ 68,020,825	\$ 49,296,062	\$ 15,331,038	\$ 7,036,604	\$594,861,882
					Student Aid	36,006,561
					Depreciation and amortization	63,344,012
					Pension and OPEB revenue	(87,197,089)
					Total Operating Expenses	\$607,015,366

Year ended June 30, 2021	Compensation and Benefits	Supplies and Services	Professional Services	Utilities	Travel and Entertainment	Total
Instruction	\$209,064,261	\$ 8,139,697	\$ 2,708,100	\$ 3,017	\$ (17,715)	\$219,897,360
Research	27,278,598	5,812,966	2,906,790	9,658	259,694	36,267,706
Public service	25,858,691	7,365,283	19,989,543	130,771	195,129	53,539,417
Academic support	46,991,494	11,565,365	1,144,856	190,075	71,503	59,963,293
Student services	31,855,779	8,556,379	14,429,729	47,795	130,796	55,020,478
Institutional support	34,531,912	7,471,178	4,061,465	279,094	45,096	46,388,745
Operation and maintenance of plant	30,134,710	1,000,589	3,149,946	10,254,515	18,432	44,558,192
Auxiliary enterprises	33,209,326	10,498,029	1,546,286	2,569,762	955,025	48,778,428
Total	\$438,924,771	\$ 60,409,486	\$ 49,936,715	\$ 13,484,687	\$ 1,657,960	\$564,413,619
					Student Aid	31,863,917
					Depreciation and amortization	62,480,937
					Pension and OPEB revenue	(101,761,763)
					Total Operating Expenses	\$556,996,710

Note 10 - Compensated Absences

Per University policy, eligible salaried administrative appointments and administrative hourly employees earn vacation at the rate of 21 days per year with a maximum accrual of 32 days. Upon termination, they are entitled to a payout of their accumulated balance up to a maximum of 32 days.

Employees who are members of AFSCME 3200, AFSCME 1699, FOP Lieutenants, or FOP Officers unions earn vacation at rates per years of service, ranging from 10 to 25 days per year. The accrual is equal to the amount earned in three years, up to a maximum of 600 hours, which is subject to payout upon termination.

Hourly, non-exempt employees are also eligible to elect compensatory time off in lieu of overtime pay. The use of compensatory time is scheduled with supervisory approval or subject to payout upon termination or transfer to another department.

The estimated liability for accrued vacation and compensatory time at June 30, 2022 and 2021 was \$15,293,599 and \$15,731,561, respectively.

All eligible University employees are entitled to a sick leave credit equal to 15 days per year (earned on a pro rata monthly basis for salaried employees and on a pro rata hourly basis for classified hourly and administrative hourly employees). Salaried and administrative hourly employees with 10 or more years of service are eligible to receive a payout upon retirement of up to 25% of unused days up to a maximum of 30 days. Employees who are members of AFSCME 3200, AFSCME 1699, or FOP Lieutenants unions with 10 or more years of service are eligible for payout upon retirement of up to 50% of unused days up to a maximum of 80 days. Members of the FOP Officers union are eligible for a payout upon retirement of up to 50% of unused days up to a maximum of 60 days.

The estimated liability for accrued sick leave at June 30, 2022 and 2021 was \$7,154,706 and \$7,209,505, respectively.

Compensated absences at June 30, 2022 and 2021 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
For the year ended:						
June 30, 2022	<u>\$ 22,941,066</u>	<u>\$ 26,639,588</u>	<u>\$(27,132,349)</u>	<u>\$ 22,448,305</u>	<u>\$ 3,657,974</u>	<u>\$ 18,790,331</u>
June 30, 2021	<u>\$ 21,267,000</u>	<u>\$ 26,921,045</u>	<u>\$(25,246,979)</u>	<u>\$ 22,941,066</u>	<u>\$ 3,145,924</u>	<u>\$ 19,795,142</u>

Note 11 - Retirement Plans

Based on rules governed by the Ohio Revised Code (ORC), employees of Ohio University are covered under one of three retirement plans, unless eligible for exemption as in the case of most student employees. The system in which an employee is eligible to enroll is dependent on his or her position with the University. Generally, faculty appointments are eligible for enrollment in a defined benefit plan, administered by STRS Ohio, and all other employees are eligible for enrollment in a defined benefit plan, administered by OPERS. In addition, full-time employees may opt out of the state retirement system and choose a defined contribution plan, also referred to as an Alternative Retirement Plan (ARP), with one of four independent providers. STRS Ohio and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan. All options are discussed below in more detail.

Retirement Plan Funding - Chapter 3307 of the ORC limits the maximum rate of contributions. The retirement boards of the systems individually set contributions rates within the allowable limits. The adequacy of employer contribution rates is determined annually by actuarial valuation using the entry age normal cost method. Under these provisions, each employer entity's contribution is expected to

finance the costs of benefits earned by its employees during the year, with an additional amount to finance a portion of the defined benefit plans' unfunded accrued liability.

The employee and employer rates are the same for ARP employees as the retirement system under which they would otherwise be covered. However, for those who would otherwise be covered by STRS Ohio and who instead elect the ARP, 4.47% of the employer contribution goes to the STRS Ohio retirement system and for those who would otherwise be covered by OPERS and instead elect the ARP, 3.5% goes to the OPERS systems at June 30, 2022 and 2021. The University's contributions each year are equal to its required contributions. Member contributions are set at the maximums authorized by the ORC.

The plans' 2022 and 2021 contribution rates on covered payroll to each system are:

	Employer Contribution Rate				Member Contribution Rate
	Pension	Post Retirement Healthcare	Death Benefit	Total	Total
STRS Ohio - Faculty	14.0%	0.0%	0.0%	14.0%	14.0%
OPERS - State Employees	14.0%	0.0%	0.0%	14.0%	10.0%
OPERS - Law Enforcement	18.1%	0.0%	0.0%	18.1%	13.0%

University contributions for the current and preceding year are summarized as follows:

Plan	Employer Contributions - for the years ended June 30			
	2022		2021	
	Pension	OPEB	Pension	OPEB
STRS Ohio	\$ 12,811,654	\$ -	\$ 13,149,764	\$ -
OPERS	17,348,323	-	15,428,405	-
ARP	10,477,331	-	10,529,492	-
	<u>\$ 40,637,309</u>	<u>\$ -</u>	<u>\$ 39,107,661</u>	<u>\$ -</u>

Benefits Provided

STRS Ohio - Plan benefits are established under Chapter 3307 of the Revised Code, as amended by Substitute Senate Bill 342 in 2012, which gives the Retirement Board the authority to make future adjustments to the member contribution rate, retirement age and service requirements, and the cost-of-living adjustment as the need or opportunity arises, depending on the retirement system's funding progress.

The requirement to retire depends on years of service (5-35 years) and age depending on when the employee became a member. The maximum annual retirement allowance, payable for life, considers years of credited service, final average salary (3-5 years) and multiplying by a factor ranging from 2.2% to 2.5% with 0.1% incremental increases for years greater than 30-32, depending on retirement age.

A defined benefit plan or combined plan member with five or more years of credited service who is determined to be disabled (illness or injury preventing individual's ability to perform regular job duties for at least 12 months) may receive a disability benefit. Additionally, eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least 10 years of qualifying service credit to apply for disability benefits.

A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the plan. Death benefit coverage up to \$2,000 can be purchased by participants in all three of the plans. Various other benefits are available to members' beneficiaries.

OPERS - Plan benefits are established under Chapter 145 of the Ohio Revised Code, as amended by Substitute Senate Bill 343 in 2012. The requirements to retire depend on years of service (5 to 32 years) and from attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit, except for public safety and law enforcement participants. Member retirement benefits are calculated on a formula that considers years of service (5-30 years), age (48-62 years) and final average salary, using a factor ranging from 1% to 2.5%.

A plan member who becomes disabled before age 60 or at any age, depending on when the member entered the plan, and has completed 60 contributing months is eligible for a disability benefit.

A death benefit of \$500 - \$2,500 is determined by the number of years of service credit of the retiree. Benefits may transfer to a beneficiary upon death with 1.5 years of service credits with the plan obtained within the last 2.5 years, except for law enforcement and public safety personnel, who are eligible immediately upon employment.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3%, or an amount based on the average percentage increase in the Consumer Price Index, capped at 3%.

Defined Benefit Plans - The defined benefit plans of STRS Ohio and OPERS are cost-sharing, multiple-employer public employee retirement plans. Both systems provide retirement, survivor, and disability benefits to plan members and their beneficiaries. The systems also provide post-employment health care benefits (including Medicare B premiums) to retirees and beneficiaries who elect to receive those benefits. The authority to establish and amend benefits is provided by the ORC. Each retirement system issues a publicly available financial report that includes financial statements and required supplementary information for the pension and post-employment health care plans. Interested parties may obtain a copy of the STRS Ohio report by making a written request to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling 614-227-4090, or by visiting the STRS Ohio website at www.strsoh.org. The OPERS report may be obtained by making a written request to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 800-222-7377.

Net Pension Liability, Deferrals, and Pension Expense - At June 30, 2022 and 2021, the University reported a liability for its proportionate share of the net pension liability of both STRS Ohio and OPERS. For June 30, 2022, the net pension liability was measured as of June 30, 2021 for the STRS Ohio plan, and December 31, 2021 for the OPERS plan. For June 30, 2021, the net pension liability was measured as of June 30, 2020 for the STRS Ohio plan, and December 31, 2020 for the OPERS plan. The total pension

Notes to Financial Statements (Continued) June 30, 2022 and 2021

liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The University's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

For the years ended June 30, 2022 and 2021, the University's proportionate shares of the net pension liability are as follows:

Plan	Measurement Date	Net Pension Liability		Proportionate Share		Percent Change	
		2022	2021	2022	2021	2021-22	2020-21
STRS Ohio	June 30	\$ 97,273,407	\$ 210,401,313	0.761%	0.870%	-0.109%	-0.037%
OPERS	December 31	62,632,709	111,779,683	0.740%	0.762%	-0.022%	-0.153%
		<u>\$ 159,906,116</u>	<u>\$ 322,180,996</u>				

For the year ended June 30, 2022 and 2021, the University recognized pension (revenue) expense of \$(22,308,563) and \$26,267,268, respectively, these amounts are made up of \$39,744,169 and \$39,547,694, respectively, recorded functionally as employee benefits and \$(62,052,732) and \$(13,280,426), respectively, recorded as part of Net pension and OPEB revenue on the Statement of Revenues, Expenses, and Changes in Net Position.

For the years ended June 30, 2022 and 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,432,075	\$ 2,282,171	\$ 544,440	\$ 6,435,497
Changes in assumptions	35,222,432	-	11,408,549	-
Net difference between projected and actual earnings on pension plan investments	-	161,587,996	10,231,839	44,578,605
Changes in proportion and differences between University contributions and proportionate share of contributions	249,898	39,150,607	5,777,087	37,913,021
University contributions subsequent to the measurement date	21,607,458	-	21,678,444	-
Total	<u>\$ 63,511,863</u>	<u>\$ 203,020,774</u>	<u>\$ 49,640,359</u>	<u>\$ 88,927,123</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases or (decreases) in pension expense as follows:

Years Ending June 30	Amount
2023	\$ (43,045,474)
2024	(47,340,462)
2025	(37,110,927)
2026	(33,724,714)
2027	17,669
Thereafter	87,539
	<u>\$ (161,116,369)</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next fiscal year (2023).

Net OPEB Asset, Deferrals, and OPEB Expense - At June 30, 2022, the net OPEB asset was measured as of June 30, 2021 for the STRS Ohio plan, and December 31, 2021 for the OPERS plan. At June 30, 2021, the net OPEB asset was measured as of June 30, 2020 for the STRS Ohio plan, and December 31, 2020 for the OPERS plan. The total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of those dates. Typically, the University's proportion of the net OPEB asset would be based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. For the plan years ended June 30, 2021 and 2020, STRS did not allocate employer contributions to the OPEB plan. Therefore, STRS' calculation of the employers' proportionate share is based on total contributions to the plan for both pension and OPEB. For both the plan years ended December 31, 2021 and 2020, OPERS allocated 0% of the total 14% employer contributions to the OPEB plan. Therefore, OPERS' calculation of the employers' proportionate share is based on total contributions to the plan for both pension and OPEB.

For the years ended June 30, 2022 and 2021, the University's proportionate shares of the net OPEB asset are as follows:

Plan	Measurement Date	Net OPEB Asset		Proportionate Share		Percent Change	
		2022	2021	2022	2021	2021-22	2020-21
STRS Ohio	June 30	\$ 16,040,562	\$ 15,283,203	0.761%	0.870%	-0.109%	-0.037%
OPERS	December 31	22,990,599	13,463,399	0.734%	0.756%	-0.022%	-0.151%
		<u>\$ 39,031,161</u>	<u>\$ 28,746,602</u>				

For the years ended June 30, 2022 and 2021, the University recognized OPEB revenue of \$25,144,357 and \$88,481,337, respectively, recorded as part of Net pension and OPEB revenue on the Statement of Revenues, Expenses, and Changes in Net Position.

Notes to Financial Statements (Continued) June 30, 2022 and 2021

For the years ended June 30, 2022 and 2021, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 571,153	\$ 6,426,242	\$ 979,274	\$ 15,194,832
Changes in assumptions	1,024,605	18,875,698	6,871,049	36,331,218
Net difference between projected and actual earnings on pension plan investments	-	15,406,464	535,613	7,170,792
Changes in proportion and differences between University contributions and proportionate share of contributions	-	6,703,000	3,618,262	13,982,800
Total	<u>\$ 1,595,758</u>	<u>\$ 47,411,404</u>	<u>\$ 12,004,198</u>	<u>\$ 72,679,642</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as decreases in OPEB expense as follows:

Years ending June 30	Amount
2023	\$ (24,880,093)
2024	(9,853,714)
2025	(6,930,474)
2026	(3,507,463)
2027	(649,381)
Thereafter	5,479
	<u>\$ (45,815,646)</u>

Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Actuarial Assumptions - The total pension liability and OPEB asset in the actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement on June 30, 2022:

	STRS Ohio	OPERS
Valuation date - Pension	June 30, 2021	December 31, 2021
Valuation date - OPEB	June 30, 2021	December 31, 2020
Actuarial cost method - Pension	Entry age normal	Individual entry age
Actuarial cost method - OPEB	Entry age normal	Individual entry age
Cost of living adjustments	0%	Pre-1/7/2013 retirees: 3.0% simple; Post-1/7/2013 retirees: 3.0% simple through 2022, then 2.05% simple
Salary increases, including inflation	2.5% - 12.5%	2.75% - 10.75%
Inflation	2.5%	2.75%
Investment rate of return - Pension	7.0%, net of investment expenses, including inflation	6.9%, net of investment expense, including inflation
Investment rate of return - OPEB	7.0%, net of investment expenses, including inflation	6.0%, net of investment expenses, including inflation
Health care cost trend rates	-16.18% to 29.98% initial, 4.0% ultimate	5.5% initial, 3.5% ultimate in 2034
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2020
Mortality basis	RP-2014 Annuitant and Disabled Mortality Tables with varying percentage of rates through age ranges (healthy retirees) and with 90% of rates for males and 100% of rates for females (disabled), projected forward generationally using mortality improvement scale MP-2016	RP-2014 Healthy Annuitant/Disabled mortality table (MP-2015 mortality improvement scale)

Notes to Financial Statements (Continued) June 30, 2022 and 2021

The following actuarial assumptions, applied to all periods included in the measurement for the period ended June 30, 2021, were as follows:

	STRS Ohio	OPERS
Valuation date - Pension	June 30, 2020	December 31, 2020
Valuation date - OPEB	June 30, 2020	December 31, 2019
Actuarial cost method - Pension	Entry age normal	Individual entry age
Actuarial cost method - OPEB	Entry level normal	Individual entry age
Cost of living adjustments	0%	Pre-1/7/2013 retirees: 3.0% simple; Post-1/7/2013 retirees: 0.5% simple through 2021, then 2.15% simple
Salary increases, including inflation	2.5% - 12.5%	3.25% - 10.75%
Inflation	2.5%	3.25%
Investment rate of return - Pension	7.45%, net of investment expenses, including inflation	7.2%, net of investment expense, including inflation
Investment rate of return - OPEB	7.45%, net of investment expenses, including inflation	6.0%, net of investment expenses, including inflation
Health care cost trend rates	-6.69% to 11.87% initial, 4.0% ultimate	8.5% initial, 3.5% ultimate in 2035
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Annuitant and Disabled Mortality Tables with varying percentage of rates through age ranges (healthy retirees) and with 90% of rates for males and 100% of rates for females (disabled), projected forward generationally using mortality improvement scale MP-2016	RP-2014 Healthy Annuitant/Disabled mortality table (MP-2015 mortality improvement scale)

Discount Rate - The discount rates used to measure the total pension liabilities at June 30, 2022 were 7.0% for STRS Ohio and 6.9% for OPERS. The discount rates used to measure the total pension liabilities at June 30, 2021 were 7.45% for STRS Ohio and 7.2% for OPERS. The discount rates used to measure the total OPEB assets at June 30, 2022 were 7.0% for STRS Ohio and 6.0% for OPERS. The discount rates used to measure the total OPEB assets at June 30, 2021 were 7.45% for STRS Ohio and 6.0% for OPERS.

For STRS Ohio pension the projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at the statutory contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021 and 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.0% and 7.45% was applied to all periods of projected benefit payments to determine the total pension liability, respectively, as of June 30, 2021 and 2020.

For STRS Ohio OPEB the projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the HC Fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021 and 2020. Therefore, the long-term expected rate of return on HC Fund investments of 7.0% and 7.45% was applied to all periods of projected benefit payments to determine the total OPEB liability, respectively, as of June 30, 2021 and 2020.

For OPERS pension the projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

For OPERS OPEB a single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Notes to Financial Statements (Continued) June 30, 2022 and 2021

The target allocation and best estimates of arithmetic (geometric for STRS) real rates of return for each major asset class are summarized in the following tables:

STRS - as of 6/30/21			OPERS - as of 12/31/21				
Investment Category	Target Allocation	Long-term Expected Real Rate of Return*	Investment Category	Defined Benefit Portfolio		Health Care Portfolio	
				Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	28.00%	7.35%	Domestic Equities	21.00%	3.78%	25.00%	3.78%
International Equity	23.00%	7.55%	International Equities	23.00%	4.88%	25.00%	4.88%
Alternatives	17.00%	7.09%	Private Equity	12.00%	7.43%	-	-
Fixed Income	21.00%	3.00%	Fixed Income	24.00%	1.03%	34.00%	0.91%
Real Estate	10.00%	6.00%	Real Estate	11.00%	3.66%	-	-
Liquidity Reserves	1.00%	2.25%	REITs	-	-	7.00%	3.71%
			Risk Parity	5.00%	2.92%	2.00%	2.92%
			Other Investments	4.00%	2.85%	7.00%	1.93%
	100.00%			100.00%		100.00%	

* Includes inflation of 2.25%

STRS - as of 6/30/20			OPERS - as of 12/31/20				
Investment Category	Target Allocation	Long-term Expected Real Rate of Return*	Investment Category	Defined Benefit Portfolio		Health Care Portfolio	
				Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	28.00%	7.35%	Domestic Equities	21.00%	5.64%	25.00%	5.64%
International Equity	23.00%	7.55%	International Equities	23.00%	7.36%	25.00%	7.36%
Alternatives	17.00%	7.09%	Private Equity	12.00%	10.42%	-	-
Fixed Income	21.00%	3.00%	Fixed Income	25.00%	1.32%	34.00%	1.07%
Real Estate	10.00%	6.00%	Real Estate	10.00%	5.39%	-	-
Liquidity Reserves	1.00%	2.25%	REITs	-	-	7.00%	6.48%
			Other Investments	9.00%	4.75%	9.00%	4.02%
	100.00%			100.00%		100.00%	

* Includes inflation of 2.25%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the University, calculated using the discount rate listed below, as well as what the University's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

2022						
Plan	1% Decrease		Current Discount Rate		1% Increase	
STRS Ohio	6.00%	\$ 182,156,687	7.00%	\$ 97,273,407	8.00%	\$ 25,547,220
OPERS	5.90%	169,504,665	6.90%	62,632,709	7.90%	(26,269,873)
		<u>\$ 351,661,352</u>		<u>\$ 159,906,116</u>		<u>\$ (722,653)</u>

2021						
Plan	1% Decrease		Current Discount Rate		1% Increase	
STRS Ohio	6.45%	\$ 299,574,840	7.45%	\$ 210,401,313	8.45%	\$ 134,834,176
OPERS	6.20%	215,482,641	7.20%	111,779,683	8.20%	25,597,861
		<u>\$ 515,057,481</u>		<u>\$ 322,180,996</u>		<u>\$ 160,432,037</u>

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate - The following presents the net OPEB asset of the University, calculated using the discount rate listed below, as well as what the University's net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

2022						
Plan	1% Decrease		Current Discount Rate		1% Increase	
STRS Ohio	6.00%	\$ 13,535,756	7.00%	\$ 16,040,562	8.00%	\$ 18,132,953
OPERS	5.00%	13,520,630	6.00%	22,990,599	7.00%	30,850,819
		<u>\$ 27,056,386</u>		<u>\$ 39,031,161</u>		<u>\$ 48,983,772</u>

2021						
Plan	1% Decrease		Current Discount Rate		1% Increase	
STRS Ohio	6.45%	\$ 13,297,384	7.45%	\$ 15,283,203	8.45%	\$ 16,968,105
OPERS	5.00%	3,347,751	6.00%	13,463,399	7.00%	21,779,274
		<u>\$ 16,645,135</u>		<u>\$ 28,746,602</u>		<u>\$ 38,747,379</u>

Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate - The following presents the net OPEB asset of the University, calculated using the health care cost trend rate listed below, as well as

what the University's net OPEB asset would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

2022			
Plan	1% Decrease	Current Trend Rate	1% Increase
STRS Ohio	\$ 18,048,171	\$ 16,040,562	\$ 13,557,971
OPERS	23,239,042	22,990,599	22,695,867
	<u>\$ 41,287,213</u>	<u>\$ 39,031,161</u>	<u>\$ 36,253,838</u>

2021			
Plan	1% Decrease	Current Trend Rate	1% Increase
STRS Ohio	\$ 16,863,518	\$ 15,283,203	\$ 13,358,152
OPERS	13,791,525	13,463,399	13,096,281
	<u>\$ 30,655,043</u>	<u>\$ 28,746,602</u>	<u>\$ 26,454,433</u>

Pension Plan and OPEB Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued STRS Ohio and OPERS financial reports.

Payable to the Pension Plan and OPEB Plan - At June 30, 2022, the University reported a payable of \$1,413,168 and \$0 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2022. At June 30, 2021, the University reported a payable of \$1,680,235 and \$0 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2021.

Changes in Benefit Terms and Assumptions –

Amounts reported for the STRS Ohio plan year ended June 30, 2021 reflect the following changes in assumptions:

- Discount rate decreased from 7.45% to 7.0% for measurement of the pension and OPEB liability
- Investment rate of return decreased from 7.45% to 7.0% for measurement of the pension and OPEB liability
- Health care cost trend rate changed from -6.69% - 11.87% initial, 4% ultimate to -16.18% - 29.98% initial, 4% ultimate

Amounts reported for the OPERS plan year ended December 31, 2021 reflect the following changes in assumptions:

- Experience study date changed from period of 5 years ended December 31, 2015 to a period of 5 years ended December 31, 2020
- Discount rate decreased from 7.2% to 6.9% for measurement of the pension liability
- Health care cost trend rate changed from 8.5% initial, 3.5% ultimate in 2035 to 5.5% initial, 3.5% ultimate in 2034
- Investment rate of return decreased from 7.2% to 6.9% for measurement of the pension liability
- Inflation rate decreased from 3.25% to 2.75%
- Salary increases changed from 3.25% - 10.75% to 2.75% - 10.75%

- Cost of living adjustments for post-1/7/2031 retirees changed from 0.5% simple through 2021, then 2.15% simple, to 3.0% simple through 2022, then 2.05% simple

Changes Between Measurement Date and Report Date – On January 15, 2020, the OPERS Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing the OPERS-sponsored self-insured medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements, however, they are reflected beginning in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

Defined Contribution Plans - The ARP is a defined contribution pension plan, under IRS Section 401(a), and established by Ohio Amended Substitute House Bill 586 (ORC 3305.02) on March 31, 1998, for public institutions of higher education. The University's board of trustees adopted the University's plan on April 18, 1998. Full-time employees are eligible to choose a provider, in lieu of STRS Ohio or OPERS, from the list of four providers currently approved by the Ohio Department of Insurance and who hold agreements with the University. Employee and employer contributions equal to those required by STRS Ohio and OPERS are required for the ARP, less any amounts required to be remitted to the state retirement system in which the employee would otherwise have been enrolled.

Eligible employees have 120 days from their date of hire to make an irrevocable election to participate in the ARP. Under this plan, employees who would have otherwise been required to be in STRS Ohio or OPERS, and who elect to participate in the ARP, must contribute the employee's share of retirement contributions to one of four private providers approved by the Ohio Department of Insurance. The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Board of Regents. That amount is 4.47% for STRS Ohio and 3.5% for OPERS for the years ended June 30, 2022 and 2021. The employer also contributes what would have been the employer's contribution under STRS Ohio or OPERS, less the aforementioned percentages, to the private provider selected by the employee. The University plan provides these employees with immediate plan vesting.

The ARP does not provide disability benefits, survivor benefits, or postretirement health care. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

STRS Ohio and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan.

Other Postemployment Benefits - In addition to the pension benefits described above, Ohio Law provides that the University fund postretirement healthcare benefits to retirees and their dependents through employer contributions to OPERS and STRS Ohio.

OPERS provides retirement, disability, and survivor benefits as well as postemployment healthcare coverage to qualifying members of its plans. A portion of each employer's contribution to OPERS is

allocated for funding of postretirement health care. The portion of employer contributions, for all employers, allocated to health care was 0% during calendar year 2021.

STRS Ohio provides access to healthcare coverage to retirees who participated in the Defined Benefit or Combined Plans, and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the ORC, the State Teachers Retirement Board (the "Board") has discretionary authority over how much, if any, of the healthcare costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the healthcare cost in the form of a monthly premium.

The ORC grants authority to STRS Ohio to provide healthcare coverage to eligible benefit recipients, spouses, and dependents. By Ohio law, healthcare benefits are not guaranteed, and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14% of covered payroll.

The Board allocates employer contributions to the Health Care Fund from which healthcare benefits are paid. Effective July 1, 2014, the Board discontinued allocating 1% of employer contributions to the Health Care Fund. The balance in the Health Care Fund was \$4.9 billion as of June 30, 2021.

For the fiscal year ended June 30, 2020, net healthcare costs paid by STRS Ohio were \$437.4 million. There were 156,921 eligible benefit recipients.

Note 12 - Risk Management and Contingencies

Legal - 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 in-house legal counsel and University management, the disposition of all pending litigation would not have a significant adverse effect on the University's financial position.

Self-insured Medical, Prescription, Dental and Workers' Compensation - The University provides medical, prescription, dental and workers' compensation coverage for its employees on a self-insurance basis. Expenses for claims are recorded on an accrual basis based on the date claims are incurred.

Changes in the self-insurance claims liability for the three years ended June 30, 2022 are summarized as follows:

	2022	2021	2020
Accrued claims liability - Beginning of year	\$ 10,277,770	\$ 9,799,647	\$ 9,298,093
Incurring claims - Net of favorable settlements	68,461,964	62,986,256	68,158,475
Claims paid	(68,907,188)	(62,508,133)	(67,656,921)
Accrued claims liability - End of year	\$ 9,832,546	\$ 10,277,770	\$ 9,799,647

Liability for claims is accrued based on estimates made by the University's third-party actuary. These estimates are based on experience and current claims outstanding. Actual claims experience may differ from the estimate.

Effective January 1, 2013, the University became self-insured for workers' compensation. For claims initiated prior to that date (tail claims), the University participates in The Ohio Bureau of Workers' Compensation plan (PES – Public Employer State) which pays workers' compensation benefits to employees who have been injured on the job. The workers' compensation claims incurred prior to January 1, 2013 are estimated by the University's third-party actuary and are included in accounts payable and accrued liabilities detailed in Note 6 and other noncurrent liabilities detailed in Note 14.

Commercial Insurance Coverage – In addition to self-insurance, the University carries various commercial insurance coverages and participates in the Inter-University Council Insurance consortium with certain other Ohio state-assisted universities for the acquisition of commercial property and liability insurance. There was no significant reduction in insurance coverage from the prior year. Settlements did not exceed insurance coverage for each of the past three fiscal years.

At June 30, 2022, the University has the following commercial insurance policies:

Type	Deductible	Coverage
Cyber Liability	\$ 100,000	\$ 5,000,000
Aircraft Liability (Flight Training)	-	5,000,000
Crime (Including Faithful Performance)	100,000	5,000,000
Excess Social Engineering Fraud	-	3,000,000
Fiduciary Liability	250,000 (\$500,000 Class Action)	2,000,000
Medical Malpractice Liability	25,000	2,000,000/6,000,000
Airport General Liability	5,000	10,000,000
Special Accident Liability	-	20,000,000
Aircraft Liability (AEC King Air)	-	50,000,000
Educator's Liability	100,000	35,000,000
Foreign Liability	-	35,000,000
General and Auto Liability	100,000	35,000,000
Fine Art, including Library Values	25,000	25,000,000/100,000,000/350,000,000
Property	100,000	1,483,750,000
Terrorism	100,000	600,000,000
Pollution	50,000	15,000,000

General Liability, Auto Liability, Educator's Liability, Medical Malpractice Liability, Foreign Liability, Property, Terrorism, Fine Arts, Pollution, Excess Social Engineering Fraud and Special Accident Liability have elements of dedicated and shared coverage. Medical Malpractice is \$2.0 million per occurrence and \$6.0 million in the aggregate. Fine Art coverage has a \$25,000 deductible for owned fine art and a \$0 deductible for non-owned fine art, coverage is \$25.0 million for any one exhibition, \$25.0 million for any one transit, \$100.0 million for any one loss fine arts and \$350.0 million for any one loss library values. The ATS King Air was sold December 23, 2021, and is therefore no longer insured.

Note 13 - Capital Project Commitments

At June 30, 2022, the University is committed to future capital expenditures as follows:

Contractual commitments	\$ 41,600,671
Estimated completion costs of projects	61,068,976
Total	<u>\$ 102,669,647</u>

These projects will be funded by:

Gifts & Grants	\$ 3,200,859
State Appropriations	7,529,897
University funds (including bond funds)	91,938,891
Total	<u>\$ 102,669,647</u>

Note 14 - Other Noncurrent Liabilities

The University's other noncurrent liabilities at June 30, 2022 is summarized as follows:

	July 1, 2021	Additions	Reductions	June 30, 2022	Current Portion	Noncurrent Portion
Pollution remediation	\$ 444,982	\$ 526,772	\$ 309,982	\$ 661,772	\$ 531,772	\$ 130,000
Asset retirement obligations	500,000	-	-	500,000	-	500,000
Severance pay	8,739,909	5,485,415	8,739,909	5,485,415	1,619,876	3,865,539
Workers' compensation	7,805,267	795,363	1,099,622	7,501,008	1,238,991	6,262,017
Refundable advances, federal student loans	9,539,966	500,860	1,983,537	8,057,289	1,146,440	6,910,849
Total	<u>\$ 27,030,124</u>	<u>\$ 7,308,410</u>	<u>\$ 12,133,050</u>	<u>\$ 22,205,484</u>	<u>\$ 4,537,079</u>	<u>\$ 17,668,405</u>

The University's other noncurrent liabilities at June 30, 2021 is summarized as follows:

	July 1, 2020	Additions	Reductions	June 30, 2021	Current Portion	Noncurrent Portion
Pollution remediation	\$ 416,078	\$ 304,982	\$ 276,078	\$ 444,982	\$ 309,982	\$ 135,000
Asset retirement obligations	500,000	-	-	500,000	-	500,000
Severance pay	12,503,941	2,985,022	6,749,054	8,739,909	8,739,909	-
Workers' compensation	8,289,062	886,734	1,370,529	7,805,267	1,194,816	6,610,451
Refundable advances, federal student loans	7,624,160	1,915,806	-	9,539,966	1,397,844	8,142,122
Total	<u>\$ 29,333,241</u>	<u>\$ 6,092,544</u>	<u>\$ 8,395,661</u>	<u>\$ 27,030,124</u>	<u>\$ 11,642,551</u>	<u>\$ 15,387,573</u>

Note 15 - Pollution Remediation

GASB requires the University to account for pollution (including contamination) remediation obligations. Future expected payments for pollution remediation activities include legal obligations due to commencing purchase orders for asbestos removal. This liability is measured at the cost of the construction contract including consultants and the amount assumes no unexpected change orders.

Pollution remediation obligations continued to include expected payments imposed by the Ohio Environmental Protection Agency (OEPA). The violation of OAC Rule 3745-27-13(A) and ORC Rule 3734.02 (H) lists the University as responsible for the methane gas level monitoring of a disposal site on the University's Southern Campus. The University's monitoring on this site in fiscal year 2009 was estimated at 40 years. The liability is accrued based on reasonably expected potential outlays for performing this monitoring. The current value of expected cash flows method was used to measure the estimated liability using the prior year expenditures as an estimate of future annual obligations. Future expected payments for all significant pollution remediation activities include the following:

Years Ending June 30	Minimum Payments
2023	\$ 531,772
2024	5,000
2025	5,000
2026	5,000
2027	5,000
2028-2049	110,000
Total minimum payments	<u>\$ 661,772</u>

These amounts are included in the current portion of accounts payable and accrued liabilities, as well as in other noncurrent liabilities on the statements of net position.

Note 16 – Termination plans

On October 7, 2021 the Ohio University Board of Trustees approved a resolution authorizing the University to establish and implement a Voluntary Separation or Retirement Program (VSRP) for 1) full time tenure track (probationary and tenured) faculty members in strategically defined academic programs.; or 2) administrative staff with the academic rank of tenured professor or tenured associate professor in strategically defined academic programs. The VSRP original election period opened on January 14, 2022 and closed on March 7, 2022. Eligible employee's separation of service from the University was on May 15, 2022, or such alternative retirement date as determined by the University in accordance with the terms of the Plan, but no later than December 31, 2022. Financial incentives include a payment equal to 100% of the eligible employee's base rate of pay and an additional \$20,000 if enrolled in the University health plan, to help offset the purchase of external health insurance. Payments will be made during fiscal year 2023 and/or fiscal year 2024, depending on the date of separation. The cost included in fiscal year 2022, for the 45 employees who took advantage of the plan, was \$5,901,440 and is included in accounts payable and accrued liabilities, and other noncurrent liabilities. This cost includes all the financial incentives above as well as sick payouts in accordance with standard policy.

On January 17, 2020 the Ohio University Board of Trustees approved a resolution authorizing the University to establish and implement a Voluntary Separation or Retirement Program (VSRP) for certain tenured professors, tenured associate professors, and administrative staff with the academic rank of tenured professor or tenured associate professor. The VSRP original election period opened on February 5, 2020 and closed on April 4, 2020 & associated costs were included in fiscal year 2020. The election period was reopened July 8, 2020 until September 14, 2020. For the extended election period, eligible employee's separation of service from the University, was determined by the University in accordance with the terms

of the Plan, but no later than December 31, 2020. Financial incentives included a payment equal to 100% of the eligible employee's base rate of pay and an additional \$20,000 if enrolled in the University health plan, to help offset the purchase of external health insurance. Payments were made during fiscal year 2021 and/or fiscal year 2022, depending on the date of separation. The cost included in fiscal year 2021, for the 21 employees who took advantage of the plan during this extended open period, was \$2,813,200 and included the financial incentives above as well as any sick and vacation payouts in accordance with standard policy.

Note 17 - Donor-restricted Endowments

Under the standard established by Section 1715.56 of the ORC, an institution may appropriate as much as is prudent of the realized and unrealized net appreciation of the fair value of the assets of the endowment fund over the historic dollar value of the fund for the uses and purposes for which an endowment fund is established. The University's endowment spending policy is based on the concept of total return. The spending rate for fiscal year 2022 was 5.8%, which included a 1.8% administrative fee. For fiscal year 2021, the spending rate was 5.9%, which included a 1.9% administrative fee.

The amounts of net appreciation on investments of donor-restricted endowments that are available for authorization for expenditure by the Board were \$11,811,994 and \$17,736,450 for June 30, 2022 and 2021, respectively. Those amounts are reported as restricted expendable net position.

Note 18 - Net Position

Restricted and unrestricted net position for the years ended June 30, 2022 and 2021 are as follows:

	2022	2021
Restricted - nonexpendable -		
Permanent endowments	<u>\$ 23,213,669</u>	<u>\$ 23,670,895</u>
Restricted - expendable:		
Sponsored programs	\$ 6,987,396	\$ 6,262,101
Component unit funds	4,232,891	5,246,624
Capital projects	2,862,609	1,726,299
Loans	5,028,420	4,887,271
Unspent endowment distributions	2,225,993	2,101,055
Endowments - net appreciation	<u>11,811,994</u>	<u>17,736,450</u>
Total restricted - expendable	<u>\$ 33,149,303</u>	<u>\$ 37,959,800</u>
Unrestricted - allocated:		
Auxiliaries	\$ 61,209,487	\$ 79,479,913
Quasi endowments	84,822,170	78,957,232
Unspent endowment distributions	9,393,512	8,932,589
Quasi endowments - net appreciation	12,398,928	29,317,845
Other	403,775,619	389,462,291
Unfunded pension liability	(299,415,028)	(361,467,760)
Unfunded OPEB liability	<u>(6,784,485)</u>	<u>(31,928,842)</u>
Total unrestricted - allocated	<u>\$ 265,400,203</u>	<u>\$ 192,753,268</u>

Restricted net position is subject to external restrictions and is categorized as either nonexpendable or expendable. Restricted nonexpendable net position consists entirely of endowments whose corpus is held in perpetuity. Restricted expendable net position is made up of the categories above.

Unrestricted net position is not subject to external restrictions; however, the University's unrestricted net position has been internally designated for specific purposes or for contractual purchase obligations. This category includes amounts set aside for auxiliaries, academic and research programs, reserves, and capital projects.

Note 19 – Blended Component Units

As indicated in Note 1, the University consolidates certain component units in a blended presentation. UMA and MRC are not presented below as they had only immaterial financial results for the years ended June 30, 2022 and 2021.

Condensed financial information is presented below for the blended component units, Tech GROWTH Ohio Fund and Coalition of Rural and Appalachian Schools (CORAS):

Notes to Financial Statements (Continued) June 30, 2022 and 2021

Tech GROWTH Ohio Fund:

Statement of Net Position (Condensed)

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Current Assets	\$ 2,530,931	\$ 1,414,866
Other Assets	1,701,960	3,831,758
Total Assets	<u>\$ 4,232,891</u>	<u>\$ 5,246,624</u>
Total Net Position Restricted - Expendable	<u>\$ 4,232,891</u>	<u>\$ 5,246,624</u>

Statement of Revenues, Expenses and Changes in Net Position (Condensed)

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Operating Revenues	\$ 41,779	\$ 74,444
Operating Income	41,779	74,444
Other Nonoperating Revenue (Expense)	(1,055,512)	2,133,633
Increase (Decrease) in Net Position	(1,013,733)	2,208,077
Net Position, Beginning of year	5,246,624	3,038,547
Net Position, End of year	<u>\$ 4,232,891</u>	<u>\$ 5,246,624</u>

Statement of Cash Flows (Condensed)

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Grants and contracts	\$ -	\$ 350,000
Change in Accounts Receivable	1,306,481	298,081
Other Receipts	47,596	74,444
Net cash provided by operating activities	1,354,077	722,525
Net Cash Provided by (used in) Investing Activities	(1,504,076)	69,317
Net Increase (Decrease) in Cash and Cash Equivalents	(149,999)	791,842
Cash and Cash Equivalents, Beginning of year	1,153,715	361,873
Cash and Cash Equivalents, End of year	<u>\$ 1,003,716</u>	<u>\$ 1,153,715</u>

Notes to Financial Statements (Continued) June 30, 2022 and 2021

Coalition of Rural and Appalachian Schools (CORAS):

Statement of Net Position (Condensed)

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Total Assets	\$ 398,276	\$ 223,210
Total Liabilities	\$ 5,986	\$ 3,681
Total Net Position - Unrestricted	392,290	219,529
Total Liabilities and Net Position	\$ 398,276	\$ 223,210

Statement of Revenues, Expenses and Changes in Net Position (Condensed)

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Operating Revenues	\$ 398,091	\$ 86,080
Operating Expenses	225,330	87,329
Increase (Decrease) in Net Position	172,760	(1,249)
Net Position, Beginning of year	219,529	220,778
Net Position, End of year	\$ 392,289	\$ 219,529

Statement of Cash Flows (Condensed)

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Sales and services	\$ 398,091	\$ 86,080
Payments to suppliers	225,330	87,329
Net cash provided by (used in) operating activities	172,761	(1,249)
Net Increase (Decrease) in Cash and Cash Equivalents	172,761	(1,249)
Cash and Cash Equivalents, Beginning of year	219,529	220,778
Cash and Cash Equivalents, End of year	\$ 392,290	\$ 219,529

Notes to Financial Statements (Continued) June 30, 2022 and 2021

Note 20 – Adoption of GASB 87

As of July 1, 2020, the University implemented the requirements of GASB Statement No. 87, "Leases". Statement 87 established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The effects of adopting Statement No. 87 in the University's financial statements for the year ended June 30, 2021 were as follows:

Statement of Net Position	July 1, 2020-	GASB 87 - Effect of Adoption	June 30, 2021-
	As Restated - related to GASB 87		As Restated
Lease receivable	\$ 1,543,436	\$ (224,208)	\$ 1,319,228
Interest and dividends receivable	-	248,124	248,124
Lease receivable - noncurrent	18,228,136	(244,296)	17,983,840
Right of use lease assets, net	20,458,943	(2,305,133)	18,153,810
Accounts payable and accrued liabilities	-	32,645	32,645
Lease liability - current portion	2,551,540	(147,623)	2,403,917
Lease Liability	21,977,440	(2,206,636)	19,770,804
Deferred inflows related to leases	19,771,571	(623,383)	19,148,188
Net Position-Unrestricted	-	138,310	138,310

Statement of Revenues, Expenses, and Changes in Net Position

	GASB 87 - Effect of Adoption	June 30, 2021- As Restated
Sales and services	\$ (171,460)	\$ 1,561,976
Other sources	475,905	475,905
Operation and maintenance of plant	(2,564,487)	-
Depreciation and amortization	2,305,133	2,305,133
Interest on debt	425,489	425,489
Increase (Decrease) in Net Position	138,310	(692,741)

Note 21 – The Ohio University Foundation

The Ohio University Foundation (the “Foundation”), a component unit of Ohio University, was incorporated in Ohio in October 1945 to support the educational undertakings of Ohio University (the “University”). The Foundation is authorized to solicit and receive gifts and contributions for the benefit of the University and to ensure that funds and property received are applied to the uses specified by the donor.

The Foundation’s wholly owned subsidiary, Inn-Ohio of Athens, Inc. (the “Inn”), owns and operates a 139-room hotel and restaurant facility in Athens, Ohio known as The Ohio University Inn and Conference Center.

The Sugar Bush Foundation (“Sugar Bush”) is an Ohio not-for-profit corporation, and is a supporting organization as defined in Code Section 509(a)(3). Sugar Bush has pledged to commit all of its charitable distributions to The Foundation. Upon dissolution of Sugar Bush and payment of all Sugar Bush liabilities, all of its assets shall be transferred to the Foundation, provided the Foundation is then recognized as a nonprofit Ohio corporation and as a tax-exempt organization under Section 501(c)(3) of the Code. The Foundation consolidates this supporting organization that is deemed to be financially interrelated.

The Russ LLCs are four limited liability companies (Fritz J. and Dolores H. Russ Holdings LLC, Russ North Valley Road LLC, Russ Research Center LLC and Russ Center North LLC) created to receive and hold property distributions from The Dolores H. Russ Trust for the benefit of the Russ College of Engineering. The limited liability companies are treated as disregarded entities for federal income tax purposes. The Foundation is the sole member of Fritz J. and Dolores H. Russ Holdings LLC. Fritz J. and Dolores H. Russ Holdings LLC is the sole member of Russ North Valley Road LLC, Russ Research Center LLC, and Russ Center North LLC.

Ohio University Foundation Real Estate LLC (the “Real Estate LLC”) was established during fiscal year 2022 to provide for a separate entity to receive gifts and other transfers of real property to be held, transferred, or sold for the benefit of the Foundation and its purposes. The Foundation is the sole member of the LLC.

Summary of Significant Accounting Policies

Basis of Accounting and Presentation- The consolidated financial statements of the Foundation have been prepared in conformance with accounting principles generally accepted in the United States of America. The accompanying consolidated financial statements present the financial position and results of activities of the Foundation and its wholly owned subsidiary and other related entities - the Inn, one supporting organization, and five limited liability companies. All intercompany transactions have been eliminated.

Financial statements of not-for-profit organizations measure aggregate net assets and net asset activity based on the absence or existence of donor-imposed restrictions. Brief definitions of the two net asset classes are presented below:

Net Assets Without Donor Restrictions – Net assets derived from gifts and other institutional resources that are not subject to explicit donor-imposed restrictions. Net assets without donor restrictions also include board designated funds functioning as endowment.

Net Assets With Donor Restrictions – Net assets that are subject to explicit donor-imposed restrictions on the expenditure of contributions or income and gains on contributed assets and net assets from endowments not yet appropriated for spending by the Foundation. In addition, net assets with donor restrictions include restricted contributions from donors classified as funds functioning as endowment. The Foundation records as net assets with donor restrictions the original amount of gifts which donors have given to be maintained in perpetuity. Restrictions include support of specific schools or departments of the University, for professorships, research, faculty support, scholarships and fellowships, building construction and other purposes. When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Liquidity and Availability of Resources – The Foundation’s financial assets available within one year of the Statements of Financial Position for general expenditure as of June 30 are as follows:

	2022	2021
Total assets, at year end	\$ 647,369,971	\$ 727,793,460
Less nonfinancial assets:		
Prepaid expenses	580,209	490,310
Assets held for sale	2,876,392	-
Property and equipment, net of depreciation	9,788,807	12,506,034
Other assets	147,155	133,863
Financial assets, at year end	633,977,408	714,663,253
Less those unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	77,639,900	69,105,786
Donor-restricted permanent endowments subject to appropriation and satisfaction of donor restrictions	365,454,512	415,895,435
Board-designated (quasi) endowments created with donor-restricted funds	38,655,874	45,859,463
Life insurance cash surrender value	1,165,466	1,232,908
Investments held in annuities and trusts	17,379,932	21,777,590
Beneficial interest in assets held by others	687,526	779,413
Financial assets held by Foundation subsidiaries	8,672,950	9,966,937
Board designations:		
Quasi-endowment funds without donor restrictions	112,280,710	135,518,485
Quasi-endowment spending account balances without donor restrictions	1,002,150	739,701
Subtotal of amounts unavailable for general expenditure within one year	622,939,020	700,875,718
Plus endowment distributions made available for general expenditure within one year due to:		
Endowment distributions without purpose restrictions	48,667	43,680
Endowment management fee	8,015,016	7,821,337
Subtotal of endowment distributions without donor restrictions or board designations	8,063,683	7,865,017
Financial assets available to meet cash needs for general expenditures	\$ 19,102,071	\$ 21,652,552

The Foundation is substantially supported by restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in various short- and long-term investments. These investment pools offer sufficient liquidity to enable the Foundation to access funds, as necessary, to cover any immediate cash needs.

Additionally, the Foundation had board-designated (quasi) endowment funds created with donor-restricted funds, with accumulated earnings of \$112,280,710 and \$135,518,485 for the years ended June 30, 2022 and 2021, respectively. Although the Foundation does not intend to spend from this endowment, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment funds could be made available if and when necessary.

Reserve funds in the amount of \$2,805,495 and \$7,853,792 were accumulated for the years ended June 30, 2022 and 2021, respectively, in accordance with the Foundation's Contingency and Operating Reserves Policy, as adopted in February 2014. The reserve is intended to stabilize the Foundation's finances and may be used for significant legal settlements, a large unanticipated loss in funding, or one-time, nonrecurring expenses that will build long-term capacity, such as projects addressing critical needs or unique opportunities deemed to be consistent with the mission of the University. The Foundation also realizes that there could be unanticipated liquidity needs.

Use of Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications - Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported changes in net assets or total net assets.

Concentration of Credit Risk - Financial instruments, which potentially subject the Foundation to a concentration of credit risk, consist principally of pledges receivable, investments for the Foundation, and receivables related to operations of the Inn and Russ Research Center LLC. Exposure to losses on pledges receivable is principally dependent on each donor's financial condition. The Foundation monitors the exposure for credit losses and maintains allowances for anticipated losses on receivables.

Investments are recorded at fair value. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the Foundation's consolidated statements of financial position and activities.

The management company that operates the Inn is responsible for collection of receivables and it provides a reserve for any estimated uncollectible balances, as appropriate. The property management staff that operates the Russ Research Center LLC is responsible for collection of receivables and provides a reserve for any estimated uncollectible balances, as appropriate.

Cash - The Foundation's cash and cash equivalents were \$29,695,056 and \$26,970,334 as of June 30, 2022 and 2021, respectively, the majority of which are bank balances. Of the bank balances, \$28,955,453 and \$25,949,042 as of June 30, 2022 and 2021, respectively, was uninsured by the Federal Deposit Insurance Corporation (FDIC) but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

Cash Equivalents - The Foundation considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Intentions - The Foundation receives communications from donors indicating that the Foundation has been included in the donor's will or life insurance policy as beneficiary, representing intentions to give rather than promises to give. Such communications are not unconditional promises to give because the donors retain the ability to modify their wills and insurance policies during their lifetimes. The total realizable value of these intended gifts has not been established, nor have the intended gifts been recognized as an asset or contribution revenue. Such gifts are recorded when the Foundation is notified of the donor's death, the will is declared valid by a probate court, and the proceeds are measurable.

Investments - Investments in securities are recorded at fair value based on quoted market values, with changes in market value during the year reflected in the consolidated statements of activities. Investments not publicly traded are either stated at cost, which approximates market, or at appraised market values when applicable. Alternatives are recorded at their most recent available valuation as provided by the investment custodian. Purchases and sales of investments are accounted for as of the trade date.

Cash Surrender Value of Insurance Policies - The Foundation records as an asset the cash surrender value of insurance policies for which it is the owner and beneficiary.

Property and Equipment - Property and equipment are recorded at the estimated fair value, if received as a gift, or at the purchase cost, plus any expenditures for improvements.

Depreciation of buildings is recorded over periods ranging from 20 to 40 years using the straight-line method. Depreciation and amortization of other property, equipment, and improvements are recorded over periods ranging from 2 to 15 years using the straight-line method.

Annually, or more frequently if events or circumstances change, a determination is made by management to ascertain whether property and equipment and intangibles have been impaired based on the sum of expected future undiscounted cash flows from operating activities. If the estimated net cash flows are less than the carrying amount of such assets, the Foundation will recognize an impairment loss in an amount necessary to write down the assets to a fair value as determined from expected future discounted cash flows. Based upon its most recent analysis, the Foundation has determined that no impairment to the carrying value of its long-lived assets existed as of June 30, 2022 and 2021.

Assets Held for Sale - During the fiscal year ended June 30, 2022, the Foundation approved a plan to sell the Russ Research Center. As a result, a majority of the Russ Research Center's fixed assets have been reclassified to from Property and equipment – net to Assets held for sale and are valued at net book value.

Gifts and Contributions - Contributions are recorded at their fair value on the date of receipt. All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as revenue with donor restrictions. When a donor restriction expires (when a stipulated time restriction ends or the purpose of restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Contributed property is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used or restrict the use of such assets for a specific purpose, the contributions are recorded as donor-restricted support. In the absence of such stipulations, contributions of property are recorded as support without donor restrictions.

Contributions of charitable gift annuities are reduced by the actuarially determined liability resulting from acceptance of the gift. Contributions are held in charitable trusts at the present value of their estimated future benefits to be received when the trust assets are distributed upon notification of the donor's death.

Income from Investments - Investment income earned is credited to net assets with donor restrictions if restricted by the donor or by state law. Otherwise, investment income earned is credited to net assets without donor restrictions. All investment income is recorded net of investment management fees.

Revenues from Sales and Events - Revenues from merchandise sales and event registration fees are recognized as earned. Revenue is recognized from the Inn's room, restaurant, and beverage facilities and services as earned on the close of business each day. Rental income is recognized when rent becomes due over the terms of the Russ Research Center LLC's tenant leases. Rental payments received in advance of the rental income recognition are recorded as deferred income in the accompanying statements of financial position.

Functional Allocation of Expenses - The costs of providing the various programs and support services have been summarized on a functional basis in the consolidated statements of activities. Certain costs have been allocated among the programs and support services benefited. Salaries and benefits are allocated based on the functions of the employees being paid. Supplies, services, and travel expenses are allocated on the basis of the program or support service incurring those costs. Occupancy, maintenance and repairs expense is allocated on the basis of the program or support service which uses the space being maintained. Depreciation is allocated on the basis of the program or support service which uses the fixed asset. Although methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes - The Internal Revenue Service has determined that the Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated income. The provision for income taxes for the Inn, a for-profit corporation, including deferred tax expense (recovery), totaled \$(66,583) and \$(46,462) for the years ended June 30, 2022 and 2021, respectively. The provision is primarily comprised of federal and city taxes. Of these amounts, \$24,172 and \$(7,362) represent current tax expense for the years ended June 30, 2022 and 2021, respectively. The deferred taxes are a result of differences between book and tax depreciation and are presented as long-term other liabilities on the statements of financial position. There are no income taxes on the Russ LLCs as they are disregarded entities.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and to recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon

examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes that it is no longer subject to income tax examinations for years prior to June 30, 2019.

Recently Adopted Accounting Pronouncements – In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The objective of the ASU is to increase transparency about contributed nonfinancial assets such as fixed assets, intangibles and services. The ASU requires that contributed nonfinancial assets be presented as a separate line in the statement of activities, apart from contributions of cash and other financial assets. In addition, the ASU requires disclosure about the how the assets are used or monetized, including any associated donor/grantor restrictions and how they are valued at initial recognition. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements.

Upcoming Accounting Pronouncements – The FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which will supersede the current lease requirements in ASC 840. This guidance is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months. Key provisions in this guidance include additional disclosures surrounding the amount, timing and uncertainty of cash flows arising from leases. Application of the new lease standard is not expected to have a significant effect on the Foundation's financial statements. The new lease guidance will be effective for the Foundation's year ending June 30, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented.

Subsequent Events - The consolidated financial statements and related disclosures include evaluation of events up through and including October 17, 2022, which is the date the consolidated financial statements were available to be issued.

Pledges Receivable

Pledges receivable consist of the following unconditional promises to give as of June 30, 2022 and 2021:

	2022	2021
Purpose:		
Endowment	\$ 3,079,639	\$ 3,805,161
Capital purposes	1,208,051	5,103,108
Operating programs	6,108,077	4,339,525
Pledges receivable, gross	10,395,767	13,247,794
Less: Discount to present value	(257,905)	(495,315)
Less: Allowance for uncollectible accounts	(810,429)	(3,891,556)
Pledges receivable, net	<u>\$ 9,327,433</u>	<u>\$ 8,860,923</u>
Amounts due in:		
Less than one year	\$ 6,489,010	\$ 5,298,087
One to five years	2,584,212	3,320,481
More than five years	254,211	242,355
	<u>\$ 9,327,433</u>	<u>\$ 8,860,923</u>

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using an assumed inflation rate at the time the pledge is made. The discount rate utilized was 2.31 for pledges made during the year ended June 30, 2022 and 2.27 percent for the year ended June 30, 2021. Amortization of the discounts is included in contribution revenue. Unconditional promises to give, which are silent as to the due date, are presumed to be time restricted by the donor until received and are reported as net assets with donor restrictions. Conditional promises to give are not included as support until the conditions on which they depend are substantially met.

The allowance for uncollectible pledges is a general valuation based on the percentage of prior years' pledge write-offs. Specific pledges deemed to be uncollectible are charged against the allowance for uncollectible pledges in the period in which the determination is made. Both the general allowance and the specific write-offs are reported as a loss on fair value of pledges receivable in the statements of activities, unless the general allowance is insufficient to absorb the write-off. In that case, specific write-offs are reported as a fundraising expense in the statements of activities.

As of June 30, 2022, the Foundation has approximately \$131.7 million in numerous outstanding commitments that are considered to be intentions to give and are contingent upon future events. These commitments are not accrued as pledges receivable or recognized as revenue because they do not represent unconditional promises to give.

Fair Value Measurements

The Foundation's investments include endowed funds, as well as a portion of working capital funds. The Foundation's investment policy provides that the long-term objective of the investment pool is to maximize the real return, or the nominal return less inflation, of the assets over a complete market cycle with emphasis on preserving capital and reducing volatility through prudent diversification. Furthermore, the investment strategy seeks to provide real growth of assets in excess of endowment spending requirements plus inflation.

The Foundation reports investments, split-interest agreements and beneficial interest in assets held by others at estimated fair value, in accordance with the fair value hierarchy prescribed by Financial Accounting Standards Board Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. The framework for determining fair value is based on a hierarchy that prioritizes the valuation techniques and inputs used to measure fair value, as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. The Foundation's Level 1 assets consist primarily of fixed-income or equity mutual funds, publicly traded large- and small-cap stocks, and REITs. Prices for these investments are widely available through major financial reporting services.

Level 2 - Inputs other than quoted prices that are observable, either directly or indirectly. These may include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. The Foundation's Level 2 assets include bonds and bond mutual funds.

Level 3 - Inputs that are unobservable, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. The Foundation's Level 3 assets include private real estate. They also include split-interest agreements that are valued using an actuarial approach. The Foundation has processes in place to select the appropriate valuation technique and unobservable inputs to perform Level 3 fair value measurements.

Certain assets are measured at net asset value (NAV) as a practical expedient for establishing fair value.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the least observable input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The Foundation's fair value assets, by level, at June 30, 2022 and 2021 are summarized in the following tables:

Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Assets Measured at Fair Value on a Recurring Basis at June 30, 2022

	Fair Value at Reporting Date Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)	June 30, 2022 Total
<u>Investments</u>					
Fixed-income investments:					
Money market mutual funds	\$ 13,129,849	\$ -	\$ -	\$ -	\$ 13,129,849
Bonds and bond mutual funds	92,367,967	-	-	-	92,367,967
Subtotal fixed income	105,497,816	-	-	-	105,497,816
Public equity investments:					
Domestic large-cap equity (1)	169,090,275	-	-	22,829,581	191,919,856
Domestic small-cap equity	17,178,834	-	-	-	17,178,834
Developed international equity (2)	54,301,179	-	-	31,304,837	85,606,016
Emerging markets international equity (3)	24,728,460	-	-	13,643,296	38,371,756
Public real assets funds	27,868,579	-	-	-	27,868,579
Subtotal public equity	293,167,327	-	-	67,777,714	360,945,041
Alternative investments:					
Hedge funds (4)	-	-	-	33,663,013	33,663,013
Private capital funds (5)	-	-	-	64,888,968	64,888,968
Private real estate funds (6)	-	-	127,880	-	127,880
Subtotal alternative investments	-	-	127,880	98,551,981	98,679,861
Total investments by fair value level	\$ 398,665,143	\$ -	\$ 127,880	\$ 166,329,695	\$ 565,122,718
<u>Split-Interest Agreements</u>					
Charitable gift annuity assets:					
Money market mutual funds	\$ 25,417	\$ -	\$ -	\$ -	\$ 25,417
Bonds and bond mutual funds	699,564	-	-	-	699,564
Domestic equity	421,398	-	-	-	421,398
International equity	271,708	-	-	-	271,708
Public real assets funds	247,527	-	-	-	247,527
Total charitable gift annuity assets	\$ 1,665,614	\$ -	\$ -	\$ -	\$ 1,665,614
Charitable trust assets:					
Money market mutual funds	515,764	-	-	-	515,764
Bonds and bond mutual funds	8,604,498	-	-	-	8,604,498
Domestic equity	2,479,344	-	-	-	2,479,344
International equity	1,668,541	-	-	-	1,668,541
Public real assets funds	2,268,943	-	-	-	2,268,943
Other (6)	-	-	177,228	-	177,228
Total charitable trust assets	\$ 15,537,090	\$ -	\$ 177,228	\$ -	\$ 15,714,318
Total split-interest agreements	\$ 17,202,704	\$ -	\$ 177,228	\$ -	\$ 17,379,932
<u>Beneficial interest in assets held by others</u>					
Assets held at The Columbus Foundation (7)	\$ -	\$ -	\$ 687,526	\$ -	\$ 687,526
Total fair value measurements	\$ 415,867,847	\$ -	\$ 992,634	\$ 166,329,695	\$ 583,190,176

Notes to Financial Statements (Continued)

June 30, 2022 and 2021

Assets Measured at Fair Value on a Recurring Basis at June 30, 2021

	Fair Value at Reporting Date Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)	June 30, 2021 Total
Investments					
Fixed-income investments:					
Money market mutual funds	\$ 27,787,772	\$ -	\$ -	\$ -	\$ 27,787,772
Bonds and bond mutual funds	101,498,255	-	-	-	101,498,255
Subtotal fixed income	129,286,027	-	-	-	129,286,027
Public equity investments:					
Domestic large-cap equity (1)	196,877,879	-	-	25,817,806	222,695,685
Domestic small-cap equity	23,089,420	-	-	-	23,089,420
Developed international equity (2)	65,693,750	-	-	35,625,421	101,319,171
Emerging markets international equity (3)	31,055,480	-	-	19,292,352	50,347,832
Public real assets funds	12,746,006	-	-	-	12,746,006
Subtotal public equity	329,462,535	-	-	80,735,579	410,198,114
Alternative investments:					
Hedge funds (4)	-	-	-	31,541,390	31,541,390
Private capital funds (5)	-	-	-	68,503,822	68,503,822
Private real estate funds	-	-	127,880	-	127,880
Subtotal alternative investments	-	-	127,880	100,045,212	100,173,092
Total investments by fair value level	\$ 458,748,562	\$ -	\$ 127,880	\$ 180,780,791	\$ 639,657,233
Split-Interest Agreements					
Charitable gift annuity assets:					
Money market mutual funds	\$ 16,949	\$ -	\$ -	\$ -	\$ 16,949
Bonds and bond mutual funds	983,954	268,169	-	-	1,252,123
Domestic equity	786,548	-	-	-	786,548
International equity	502,609	-	-	-	502,609
Public real assets funds	454,232	-	-	-	454,232
Total charitable gift annuity assets	\$ 2,744,292	\$ 268,169	\$ -	\$ -	\$ 3,012,461
Charitable trust assets:					
Money market mutual funds	529,223	-	-	-	529,223
Bonds and bond mutual funds	10,084,992	38,062	-	-	10,123,054
Domestic equity	2,966,042	-	-	-	2,966,042
International equity	1,988,031	-	-	-	1,988,031
REITs	2,730,557	-	-	-	2,730,557
Private real estate (6)	-	-	208,000	-	208,000
Other (6)	-	-	220,222	-	220,222
Total charitable trust assets	\$ 18,298,845	\$ 38,062	\$ 428,222	\$ -	\$ 18,765,129
Total split-interest agreements	\$ 21,043,137	\$ 306,231	\$ 428,222	\$ -	\$ 21,777,590
Beneficial interest in assets held by others					
Assets held at The Columbus Foundation (7)	\$ -	\$ -	\$ 779,413	\$ -	\$ 779,413
Total fair value measurements	\$ 479,791,699	\$ 306,231	\$ 1,335,515	\$ 180,780,791	\$ 662,214,236

- (1) Domestic large cap equity funds include a commingled fund which invests in U.S. stocks with the objective of achieving over time a total return that exceeds that of the S&P 500 Composite Index. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (2) Developed international equity mutual funds include an international large cap fund which uses a bottom up, research driven value strategy that focuses on maximizing intrinsic value. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (3) Emerging markets international equity mutual funds include a fund which seeks to achieve total return in excess of the MSCI Emerging Markets Index through investing in the world's emerging stock markets. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (4) Hedge funds include both absolute and total return funds that are broadly diversified across managers, investment strategies, and investment venues. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (5) Private capital funds are broadly diversified across managers, investment stages, geography, industry sectors, and company size. This asset category includes private equity, private debt, private real estate and venture capital funds. It includes individual fund investments, as well as fund of funds investments. The fair values of the investments in this class have been estimated using the net asset value of the Organization's ownership interest in partners' capital. The investments in the private capital asset class cannot be redeemed with the funds. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the fund will be liquidated over the next one to eleven years.
- (6) Level 3 assets represent real estate assets held in trust, as well as the present value of the revenue expected to be received from charitable trusts where the Foundation does not serve as trustee. The Foundation estimates the fair value of these assets based upon the present value of the expected future cash flows using management's best estimates of key assumptions including life expectancies of beneficiaries, payment periods, and a discount rate commensurate with market conditions and other risks involved. Significant changes in these key assumptions would result in a significantly lower or higher fair value measurement.
- (7) The beneficial interest in assets held at The Columbus Foundation has been valued, as a practical expedient, at the fair value of The Ohio University Foundation's share of The Columbus Foundation's investment pool as of the measurement date. The Columbus Foundation values securities and other financial instruments on a fair value basis of accounting. The Ohio University Foundation's share of The Columbus Foundation's investments are composed entirely of mutual fund investments that offer approximately 67 percent exposure to public equities and 33 percent exposure to bonds, with broad diversification across economic sectors. The beneficial interest in assets held at The Columbus Foundation is not redeemable by The Ohio University Foundation.

Investments are reported as Level 3 assets if the valuation is based on significant unobservable inputs. Often, these assets trade infrequently, or not at all. For some Level 3 assets, both observable and unobservable inputs may be used to determine fair value. As a result, the unrealized gains and losses presented in the tables below may include changes in fair value that were attributable to both observable and unobservable inputs.

The Foundation's policy is to recognize transfers between levels of the fair value hierarchy as of the beginning of the reporting period. For the fiscal years ended June 30, 2022 and June 30, 2021, there were no transfers between levels of the fair value hierarchy.

Notes to Financial Statements (Continued)

June 30, 2022 and 2021

Additional information on the changes in Level 3 assets is summarized in the tables below as of June 30, 2022 and 2021:

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Year Ended June 30, 2022

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Charitable Trust		Beneficial	
	Investments - Private Real Estate Funds	Assets - Private Real Estate	Charitable Trust Assets - Other	Interest in Assets Held by Others
Beginning balance	\$ 127,880	\$ 208,000	\$ 220,222	\$ 779,413
Change in value of split-interest agreements included in changes in net assets:				
Payments to beneficiaries	-	-	(33,000)	-
Sale of trust investments	-	(229,511)	-	-
Realized gain (loss) on sale of trust investments	-	21,511	-	-
Change in actuarial estimate	-	-	(9,994)	-
Total change in value	-	(208,000)	(42,994)	-
Change in value of beneficial interest in assets held by others included in changes in net assets				
Investment income	-	-	-	34,000
Gains (losses) on beneficial interest in assets held at The Columbus Foundation, net of investment income recorded	-	-	-	(125,887)
Total change in value	-	-	-	(91,887)
Ending balance	\$ 127,880	\$ -	\$ 177,228	\$ 687,526

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Year Ended June 30, 2021

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Charitable Trust		Beneficial	
	Investments - Private Real Estate Funds	Assets - Private Real Estate	Charitable Trust Assets - Other	Interest in Assets Held by Others
Beginning balance	\$ 127,880	\$ -	\$ 254,468	\$ -
Change in value of split-interest agreements included in changes in net assets:				
Contributions of new split-interest agreements	-	208,000	-	-
Payments to beneficiaries	-	-	(33,000)	-
Change in actuarial estimate	-	-	(1,246)	-
Total change in value	-	208,000	(34,246)	-
Change in value of beneficial interest in assets held by others included in changes in net assets				
Additional amounts invested	-	-	-	711,386
Investment income	-	-	-	19,100
Gains (losses) on beneficial interest in assets held at The Columbus Foundation, net of investment income recorded	-	-	-	48,927
Total change in value	-	-	-	779,413
Ending balance	\$ 127,880	\$ 208,000	\$ 220,222	\$ 779,413

Investments in Entities that Calculate Net Asset Value per Share

The Foundation holds shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company.

The following table provides additional information regarding the fair value, liquidity, and unfunded commitment for investments where the NAV was used as a practical expedient.

Investments Reported at Net Asset Value

	June 30, 2022	June 30, 2021		June 30, 2022	
	Fair Value	Fair Value	Unfunded Commitment	Redemption Frequency, if Eligible	Redemption Notice Period
Domestic large cap equity	\$ 22,829,581	\$ 25,817,806	\$ -	Monthly	10 days
Developed international equity	31,304,837	35,625,421	-	Monthly	10 days
Emerging markets international equity	13,643,296	19,292,352	-	Monthly	5-30 days
Hedge funds	33,663,013	31,541,390	8,076,422	Quarterly or Annually	45-90 days
Private capital funds	64,888,968	68,503,822	93,289,149	None	None
Total	<u>\$ 166,329,695</u>	<u>\$ 180,780,791</u>	<u>\$ 101,365,571</u>		

Split-interest Agreements

Charitable Gift Annuities - Under charitable gift annuity agreements, all assets are held by the Foundation. Therefore, the Foundation has recorded the donated assets at fair value and the liabilities to the donor or his/her beneficiaries discounted to the present value of the estimated future payments to be distributed by the Foundation to such individuals. The amount of the contribution is the difference between the asset and liability and is recorded as contribution revenue. The Foundation uses the Internal Revenue Service (IRS) discount rate, or Applicable Federal Rate, to determine net present value of the liability. This rate is published monthly and represents the annual rate of return that the IRS assumes the gift assets will earn during the gift term. The discount rate for each charitable gift annuity is established at the beginning of the agreement. The discount rate applied to gift annuities held as of June 30, 2022 and 2021 ranged from 0.04 to 8.2 percent.

Charitable Remainder Trusts - Under charitable remainder trust agreements, the Foundation serves as the remainderman and will receive the net assets of the trust upon death of the donor's beneficiary. During the life of the trust, the donor, or the donor-designated beneficiary, will receive regular payments as established by the trust.

In instances where the donor has not specifically reserved the right to change the remainderman, and all assets of the charitable remainder trust are maintained by a third-party trustee in an irrevocable trust for the benefit of the Foundation, the Foundation recognizes as contribution revenue the present value of the estimated future benefits to be received when the trust assets are distributed. The Foundation also recognizes a charitable trust asset at fair value, using as inputs the trust's investment market values, as well as the present value of the estimated future benefits to be received from the trust. The fair values of these trusts are disclosed as Level 3 assets. The trustee disburses income earned on the assets of the charitable remainder trust to the donor or donor-designated beneficiaries.

In instances where the donor has not specifically reserved the right to change the remainderman, and the Foundation serves as the trustee, the Foundation will recognize the fair market value of the assets of the trust, as well as a liability for the net present value of future payments to be distributed by the Foundation to the donor or his/her designated beneficiaries. The amount of the contribution is the difference between the asset and liability at the inception of the trust. The Foundation uses the IRS discount rate, or Applicable Federal Rate, to determine net present value of the liability. This rate is published monthly and represents the annual rate of return that the IRS assumes the gift assets will earn during the gift term. The discount rate for each charitable remainder trust is established at the beginning of the agreement. The discount rate applied to charitable remainder trusts held at June 30, 2022 and 2021 ranged from 1.2 to 8.2 percent.

Certain charitable remainder trust transactions are not reported on the consolidated statements of financial position or the consolidated statements of activities as, in these cases, the remainderman can be changed by the donor prior to his/her death.

Adjustments to the charitable trust asset to reflect amortization of the discount, revaluation of the present value of the estimated future payments to the donor-designated beneficiaries, and changes in actuarial assumptions during the term of the trust are recognized as changes in the value of split-interest agreements. Upon the death of the donor-designated beneficiaries, the receivable is closed, the assets received from the trust are recognized at fair value, and any difference is reported as a change in the value of split-interest agreements.

Lead Trusts - Charitable lead trusts provide an income stream to the Foundation for a set period of time established by the donor. The income stream is recorded at the net present value of the payments. Once the set period of time ends, the Foundation will no longer receive the income stream and the remaining principal is transferred back to the donor. If the Foundation serves as trustee, an asset and a liability will be recorded for the trust. The asset is booked at the fair market value. The liability is recorded at fair market value less the net present value of the income stream. If the Foundation does not serve as trustee, only the asset, at the net present value of the income stream, will be recorded for the trust. The Foundation uses the IRS discount rate, or Applicable Federal Rate, to determine net present value of the income stream. This rate is published monthly and represents the annual rate of return that the IRS assumes the gift assets will earn during the gift term. The discount rate for each charitable lead trust is established at the beginning of the agreement. The discount rate applied to the lead trusts held at June 30, 2022 and 2021 was 1.07 percent.

Perpetual and Other Trusts - Perpetual trusts are those trusts that provide a perpetual income stream to the Foundation but are held by a third party. An asset and revenue are recorded for the fair market value of the instrument. Each year, the net change in fair market value to the asset is recorded as an increase or decrease in revenue.

Revocable Trusts - Under revocable trust agreements, the Foundation serves as the remainderman and will receive the net assets of the trust upon death of the donor's beneficiary. All assets of the trust may be maintained by a third-party trustee for the benefit of the Foundation, or by the Foundation if named as a trustee. The trustee disburses income earned on the assets of the trust to the donor or donor-designated beneficiaries. Under revocable trust agreements, the donor maintains the ability to legally dissolve the trusts and may or may not reserve the right to change the remainderman. For these reasons, the Foundation does not report revocable trust transactions on the consolidated statements of financial position or the consolidated statements of activities if the trust is held by a third-party trustee.

Beneficial Interest in Assets Held by Others

During fiscal year 2021, the Foundation irrevocably transferred \$1,394,874 to The Columbus Foundation. This gift created a fund (the Fund) as provided for in the Amended Articles of Incorporation of The Columbus Foundation and any amendments or additions thereto at any time made. The variance power set forth in the Amended Articles of Incorporation shall apply if the purpose of the fund becomes unnecessary, undesirable, impractical or impossible to fulfill.

The Fund established is known as The Gates Foundation – Ross County Scholars’ Fund of The Ohio University Foundation of The Columbus Foundation. At least 51% of the net income and/or principal from this Fund shall be distributable for the benefit of Ohio University students, while the remaining 49% of such net income and/or principal may be distributable to other U.S. higher education institutions, for scholarships to deserving Ross County, Ohio students in either case.

The Foundation records the fair value of the Fund as Beneficial interest in assets held by others in the Statement of Financial Position and reports distributions received as investment income. Changes in the Fund for the years ended June 30, 2022 and June 30, 2021 are as follows:

	2022	2021
Valuations at the Foundation's share of 51%		
Balance at beginning of year	\$ 779,413	\$ -
Transfers to The Columbus Foundation	-	711,386
Share of appreciation of fund	(57,887)	87,127
Distributions	<u>(34,000)</u>	<u>(19,100)</u>
Balance at end of year	<u><u>\$ 687,526</u></u>	<u><u>\$ 779,413</u></u>

Property and Equipment

As of June 30, 2022 and 2021, property and equipment are as follows:

	2022	2021
Land	\$ 2,460,874	\$ 3,293,174
Land improvements	1,152,914	978,480
Building and building improvements	10,407,372	15,461,433
Furnishings, fixtures, and equipment	6,510,144	6,291,751
Depreciable gifted collections	1,550,000	1,550,000
Tenant improvements	-	541,709
Construction in progress	<u>814,710</u>	<u>551,906</u>
Subtotal	22,896,015	28,668,455
Less accumulated depreciation	<u>(13,107,208)</u>	<u>(16,162,421)</u>
Property and equipment - Net	<u><u>\$ 9,788,807</u></u>	<u><u>\$ 12,506,034</u></u>

Total depreciation expense of \$1,157,042 and \$1,196,502 was recorded in fiscal years 2022 and 2021, respectively.

During the fiscal year ended June 30, 2022, the Foundation approved a plan to sell the Russ Research Center. As a result, a majority of the Russ Research Center’s fixed assets have been reclassified to from Property and equipment – net to Assets held for sale.

Related-Party Debt

In March 2019, the Foundation entered into an internal loan agreement for \$1,712,750 with Ohio University to fund the renovation of the Konneker Alumni Center, which is owned by the Foundation. Both the University and Foundation Boards of Trustees approved the project and funding it through an internal loan. The loan was to be repaid over a period of no more than 10 years. The interest rate was 4.75 percent, compounded quarterly, and was variable based on the blended cost of the University's outstanding debt plus an administrative fee. The loan, which had a balance of \$1,320,559 as of June 30, 2021, was retired during the fiscal year ended June 30, 2022, following approval from the Foundation Board of Trustees at its March 2022 meeting.

Net Assets

The Foundation's net assets, by restriction, as of June 30, 2022 and 2021, include:

	2022	2021
With Donor Restrictions:		
Donor-restricted endowments, perpetual in nature	\$ 365,454,512	\$ 415,895,435
Beneficial interest in assets held by others	687,526	779,413
Board-designated (quasi) endowments created with donor-restricted funds	38,655,874	45,859,463
Property, plant and equipment	1,454,500	1,506,167
Planned gift expectancies	30,873,955	34,110,003
Unexpended gift balances	63,856,843	56,500,114
Net assets held by Sugar Bush	5,468,656	6,867,189
Net assets with donor restrictions	506,451,866	561,517,784
Without Donor Restrictions:		
Earnings on board-designated (quasi) endowments	112,280,710	135,518,485
Equity in the Inn	5,955,695	5,233,756
Net assets held by Russ LLCs	4,305,281	4,377,325
Net assets held by Real Estate LLC	2,629,789	-
Property, plant and equipment	-	2,699,668
Unspent board-designated endowment distributions	1,002,150	739,701
Undesignated	2,805,495	7,853,792
Net assets without donor restrictions	128,979,120	156,422,727
Total net assets	\$ 635,430,986	\$ 717,940,511

The Foundation's net assets, by purpose, as of June 30, 2022 and 2021, include:

	2022	2021
Net assets with donor restrictions:		
Discretionary and general support	\$ 102,040,818	\$ 113,530,284
Chairs and professorships	63,835,125	72,169,860
Research	20,524,429	23,326,523
Scholarships, fellowships and awards	209,658,920	224,083,805
Capital improvements and renovations	4,087,457	3,577,731
Other	106,305,117	124,829,581
Total net assets with donor restrictions	506,451,866	561,517,784
Net assets without donor restrictions	128,979,120	156,422,727
Total net assets	\$ 635,430,986	\$ 717,940,511

Donor-restricted and Board-designated Endowments

The Foundation's endowment includes both donor-restricted endowment funds and board-designated (quasi) endowment funds created with net assets with donor restrictions. The Foundation's board-designated (quasi) endowments have been created with gifts that were restricted by the donor for the benefit of a particular college within the University. These quasi endowments have been included in the following schedules because they have been invested to provide income for a long, but unspecified period in accordance with board-imposed restrictions. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions or board-imposed restrictions.

Interpretation of Relevant Law - The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the contributed value of the original gift of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as endowment corpus, and presented within net assets with donor restrictions, (a) the original value of gifts donated to the endowment corpus, (b) the original value of subsequent gifts to the endowment corpus, and (c) accumulations to the endowment corpus made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as endowment corpus is classified as accumulated endowment gains and presented within net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to distribute or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the gifting organization or individual and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

Endowment Net Asset Composition by Type of Fund as of June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment	\$ -	\$ 365,454,512	\$ 365,454,512
Board designated (quasi) endowment created with donor restricted funds	112,280,710	38,655,874	150,936,584
Total funds	<u>\$ 112,280,710</u>	<u>\$ 404,110,386</u>	<u>\$ 516,391,096</u>

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets - Beginning of the year	\$ 135,518,485	\$ 461,754,898	\$ 597,273,383
Net realized and unrealized gains and losses and investment income	(20,153,924)	(47,112,406)	(67,266,330)
Contributions	-	13,888,864	13,888,864
Spending policy transfer	(460,253)	(17,429,412)	(17,889,665)
Transfers from board-designated (quasi) endowments	-	(1,792,855)	(1,792,855)
Endowment management fee	(2,623,598)	(5,198,703)	(7,822,301)
Net Assets - End of the year	<u>\$ 112,280,710</u>	<u>\$ 404,110,386</u>	<u>\$ 516,391,096</u>

Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Endowment Net Asset Composition by Type of Fund as of June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment	\$ -	\$ 415,895,435	\$ 415,895,435
Board-designated (quasi) endowment created with donor-restricted funds	135,518,485	45,859,463	181,377,948
Total funds	<u>\$ 135,518,485</u>	<u>\$ 461,754,898</u>	<u>\$ 597,273,383</u>

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets - Beginning of the year	\$ 95,152,150	\$ 373,023,345	\$ 468,175,495
Net realized and unrealized gains and losses and investment income	43,566,160	97,080,767	140,646,927
Contributions	-	16,541,037	16,541,037
Spending policy transfer	(407,851)	(17,113,215)	(17,521,066)
Transfers from board-designated (quasi) endowments	-	(1,117,758)	(1,117,758)
Transfers to other foundations	-	(1,375,735)	(1,375,735)
Endowment management fee	(2,791,974)	(5,283,543)	(8,075,517)
Net Assets - End of the year	<u>\$ 135,518,485</u>	<u>\$ 461,754,898</u>	<u>\$ 597,273,383</u>

Accumulated Investment Income – The endowment tables above include both original investments, as well as accumulated investment income. For the fiscal year ended June 30, 2022, the \$365.5 million reported as donor-restricted endowments with donor restrictions includes donor-restricted endowment corpus of \$267.8 million and accumulated investment income of \$97.7 million. The \$150.9 million reported as board-designated (quasi) endowment created with donor restricted funds includes donor-restricted original investment of \$38.6 million and accumulated investment income without donor restrictions of \$112.3 million. For the fiscal year ended June 30, 2021, the \$415.9 million reported as donor-restricted endowments with donor restrictions includes donor-restricted endowment corpus of \$253.7 million and accumulated investment income of \$162.2 million. The \$181.4 million reported as board-designated (quasi) endowment created with donor restricted funds includes donor-restricted original investment of \$45.9 million and accumulated investment income without donor restrictions of \$135.5 million. As of the fiscal years ended June 30, 2022 and 2021, the Foundation did not have any board-designated (quasi) endowment funds that were created with funds without donor restrictions.

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the contributed value that the donor or UPMIFA requires the Foundation to retain as the corpus. These funds are known as “underwater accounts.” These deficiencies resulted from unfavorable market fluctuations and allowable distributions made over time. The Foundation held 142 and 3 underwater endowment funds at June 30, 2022 and 2021, respectively. The detail of the underwater accounts’ deficiency at June 30, 2022 and 2021 is as follows:

	2022	2021
Fair value of underwater endowment funds	\$ 15,808,847	\$ 8,915
Contributed value of gifts of underwater endowment funds	16,863,686	28,430
Deficiency	<u>\$ (1,054,839)</u>	<u>\$ (19,515)</u>

Return Objectives and Risk Parameters - The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the long-term purchasing power of the endowment assets. Endowment assets include donor-restricted funds that are held in perpetuity or for donor-specified periods, as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to outperform, over rolling 36-month periods, a composite benchmark of appropriately weighted indices, while maintaining acceptable risk levels. The Foundation anticipates that the endowment funds will provide average annual rates of return of approximately 7.5 percent in the long-term and 6.7 percent in the intermediate-term, net of investment management fees approximately 0.6 percent. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Foundation relies on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy - For the fiscal year ended June 30, 2022, the Foundation’s spending policy stipulated that 5.8 percent of a three-year moving average of the market value of the endowment was available to spend, with 1.8 percent of the amount being allocated to support the Foundation’s administrative expenses. The spending rate applied to all endowments with market values that were at least ninety percent of the historic gift value. Underwater endowments with a market value of at least eighty percent but less than ninety percent of the historic gift value distributed 4.0 percent of a three-year moving average of the market value of the endowment, with 1.0 percent of the amount being allocated to support the Foundation’s administrative expenses. Underwater endowments with a market value of less than eighty

percent of the historic gift value distributed 1.0 percent of a three-year moving average of the market value of the endowment, with none of that amount being allocated to support the Foundation's administrative expenses. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow the endowment to grow at an average of 1.7 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through investment returns and new gifts.

Contributions of Nonfinancial Assets

For the years ended June 30, 2022 and June 30, 2021, contributed nonfinancial assets recognized within the statement of activities included the following:

	2022	2021
Software licenses	\$ 11,244,776	\$ 8,838,276
Artwork	3,780,500	470,000
Equipment	100,500	-
Instructional supplies	4,174	34,816
Other supplies	93,864	-
Total contributions of nonfinancial assets	<u>\$ 15,223,814</u>	<u>\$ 9,343,092</u>

The Foundation recognized contributed nonfinancial assets within revenue, including software licenses, artwork, equipment, instructional supplies and other supplies. The Foundation's policy provides that, unless otherwise specified as a condition of the gift, the Foundation, in assuring that the donor's intent for the gift is honored, may retain the gift, transfer it to the University, or liquidate it for the University's benefit. Unless otherwise noted, contributed nonfinancial assets were subject to donor-imposed restrictions.

Contributed software licenses were restricted by the donor to be used by students and faculty for instructional and research purposes in the Geological Sciences Department and the Russ College of Engineering. Contributions of software are booked at the retail value less any available educational discount, or the value the Foundation would have paid if purchasing the software from the vendor.

Contributed artwork includes transparencies, negatives, prints and ephemera to be used for the benefit of University Libraries and ceramics to be used for the benefit of the Kennedy Museum of Art. The Foundation estimated the fair value on the basis of comparable sales prices available in the market for similar works of art.

Contributed equipment includes corrosion testing equipment for the benefit of the Russ College of Engineering and light microscopes for the benefit of the Heritage College of Osteopathic Medicine. The Foundation estimated the fair value on the basis of comparable sales prices available in the market for similar used equipment items.

Instructional supplies included academic and scholarly books and medical supplies which were restricted by donors to support programs in the University College, and the Heritage College of Osteopathic Medicine. Contributions of new instructional supplies are booked at the retail value less any available educational discount, or the value the Foundation would have paid if purchasing the item from a vendor.

Other supplies included masks and hand sanitizer, which were not restricted by the donors and were used for the benefit of Ohio University students. Other supplies also included promotional items and banners that were restricted by the donors to support certain University events, as well as food for the benefit of the Cats' Cupboard food pantry. Contributions of new supplies are booked at the retail value less any available educational discount, or the value the Foundation would have paid if purchasing the item from a vendor. Contributions of food for the benefit of Cats' Cupboard are booked at the wholesale values that would be received for selling similar products in the United States.

Support from Related Organizations

During 2022 and 2021, the University paid certain payroll costs amounting to \$3,201,645 and \$3,430,755 and additional costs of \$61,513 and \$29,686, respectively, for the Foundation's Development Office, Office of Alumni Relations, and Accounting Office. The support costs paid by the University are reflected in the consolidated statements of activities as University support, with a like amount included in expenses.

The University provides office space and the use of certain common facilities and services to the Foundation at no cost. These costs have not been recorded as University support because they are not considered to be significant to the results of activities of the Foundation.

The University processes expenses on behalf of the Foundation during the year for operations including scholarship awards, professional fees, travel costs and office supplies. The Foundation reimburses the University for these expenses. The Foundation had a payable of \$3,862,027 and \$904 outstanding, respectively, as of June 30, 2022 and 2021. Additionally, the University collected and deposited certain rental revenues on behalf of the Real Estate LLC and rented a parking lot from the Real Estate LLC during the year. The Foundation had a receivable of \$18,882 as of June 30, 2022 due to these rental payments exceeding the amounts paid by the University on behalf of the Real Estate LLC.

The Foundation manages an investment portfolio on behalf of itself and the University. Certain University investments, including endowment investments and long-term working capital investments, are pooled with the Foundation's investments, and held in the Foundation's name. The receivable from Ohio University in the amount of \$3,769,541 as of June 30, 2021, reflects the movement of investments between the University's and the Foundation's respective shares of the long-term investment pool near the end of the fiscal year.

The Foundation has a noncontrolling economic interest in Ohio South East Enterprise Development Fund, Inc. (SEED), a tax-exempt organization under Code Section 501(c)(4). SEED was created in July 1994 for the purpose of supporting the scientific and technological research, educational activities, and economic development of Ohio University. Currently, the Foundation is the named beneficiary of SEED's assets in the event that the entity is dissolved. Distributions from SEED are reflected in the consolidated statements of activities as gifts and contributions in the year they are received. SEED did not make any distributions to the Foundation during 2022 or 2021.

Notes to Financial Statements (Continued)

June 30, 2022 and 2021

Functional and Natural Classification of Expenses

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions such as Instruction, Research and Fundraising. The following table provides further detail of these expenses, by showing both the functional and natural classification (Salaries, Maintenance, etc.) of each category of expenses for the years ended June 30, 2022 and June 30, 2021, respectively:

Year Ended June 30, 2022

Expenses by function:	Salaries & Benefits	Student Aid	Supplies & Services	Occupancy, Maintenance & Repairs	Travel & Entertainment	Other	Total
Program services:							
Academic support	\$ 680,766	\$ -	\$ 1,089,596	\$ 3,979,056	\$ 154,123	\$ 358	\$ 5,903,899
Alumni relations	2,221,371	-	831,938	121,278	148,884	72,801	3,396,272
Institutional support	118,323	-	11,121	192	35,252	1,836	166,724
Instruction	1,930,936	33,210	9,408,509	417,662	237,250	76	12,027,643
Intercollegiate athletics	22,154	-	30,986	1,545,323	154,435	54	1,752,952
Public service	568,027	529	339,329	28,962	20,211	21	957,079
Research	836,619	8,620	539,217	3,696,941	114,837	12	5,196,246
Student aid	161,221	9,205,455	1,061	-	1,810	10,873	9,380,420
Student services	448,204	49,782	390,754	80,533	334,169	168	1,303,610
Total program services	6,987,621	9,297,596	12,642,511	9,869,947	1,200,971	86,199	40,084,845
Support services:							
Fundraising and development	5,986,322	-	1,116,089	196,769	316,518	1,310	7,617,008
Management and General	1,848,452	-	320,574	29,208	34,550	872	2,233,656
Total support services	7,834,774	-	1,436,663	225,977	351,068	2,182	9,850,664
Related entity operations	2,810,689	-	968,255	2,249,146	50,297	796,420	6,874,807
Total expenses	\$ 17,633,084	\$ 9,297,596	\$ 15,047,429	\$ 12,345,070	\$ 1,602,336	\$ 884,801	\$ 56,810,316

Year Ended June 30, 2021

Expenses by function:	Salaries & Benefits	Student Aid	Supplies & Services	Occupancy, Maintenance & Repairs	Travel & Entertainment	Other	Total
Program services:							
Academic support	\$ 550,500	\$ 33,052	\$ 242,924	\$ 103,460	\$ 10,120	\$ 274	\$ 940,330
Alumni relations	2,372,472	-	713,413	160,836	(44,770)	85,390	3,287,341
Institutional support	145,505	4,094	1,558	225,766	1,743	(3,600)	375,066
Instruction	1,711,968	2,418	8,864,414	52,648	5,654	161	10,637,263
Intercollegiate athletics	19,924	4,368	39,595	1,997,565	(893)	-	2,060,559
Public service	332,354	116	340,242	57,084	2,525	-	732,321
Research	893,670	2,327	520,599	2,657,236	10,374	18	4,084,224
Student aid	853,489	7,748,140	1,831	-	(1,587)	21,909	8,623,782
Student services	389,732	11,325	174,545	(9,448)	47,953	1	614,108
Total program services	7,269,614	7,805,840	10,899,121	5,245,147	31,119	104,153	31,354,994
Support services:							
Fundraising and development	6,088,866	-	1,239,907	189,057	23,785	7,302	7,548,917
Management and General	1,754,573	-	261,211	58,035	897	-	2,074,716
Total support services	7,843,439	-	1,501,118	247,092	24,682	7,302	9,623,633
Related entity operations	2,145,637	-	756,327	2,107,686	34,610	401,554	5,445,814
Total expenses	\$ 17,258,690	\$ 7,805,840	\$ 13,156,566	\$ 7,599,925	\$ 90,411	\$ 513,009	\$ 46,424,441

Inn-Ohio of Athens, Inc.

The Inn-Ohio of Athens, Inc. (the "Inn") was purchased by the Foundation on August 30, 1986. The primary purpose for which the Foundation invested in the Inn was to provide affordable and convenient housing, dining, and conference facilities for University employees, alumni, and guests. As a significant portion of the Inn's revenue is derived from these customers, the Foundation is committed to financially supporting the Inn.

The Inn's business is subject to all of the risks inherent in the lodging industry. These risks include, among other factors, varying levels of demand for rooms and related services, adverse effects of general and local economic and market conditions, changes in governmental regulations that influence wages or prices, changes in interest rates, the availability of credit, changes in real estate taxes and other operating expenses, and the recurring need for renovation, refurbishment, and improvements.

Operations - The Inn's operations for the years ended June 30, 2022 and 2021 are summarized below:

	2022	2021
Revenues:	\$ 6,263,447	\$ 3,844,332
Expenses:		
Operating and general expenses	4,797,600	3,483,977
Interest expense	8,438	12,895
Depreciation	708,058	735,524
Provision for income taxes	27,412	(66,583)
Total expenses	5,541,508	4,165,813
Net income	\$ 721,939	\$ (321,481)

For fiscal years ended June 30, 2022 and 2021, the Inn did not make any distributions to the Foundation.

The Foundation has entered into a management agreement with a property manager to operate the Inn. The manager's compensation is a base fee plus 15 percent of the hotel's net available operating profit as defined in the management agreement.

In fiscal years 2022 and 2021, base management fees incurred by the Inn with respect to the manager were \$100,000 per year and incentive fees were \$86,917 and \$0, respectively.

Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Property and Equipment - Property and equipment of the Inn as of June 30, 2022 and June 30, 2021 consist of the following:

	2022	2021	Depreciable Life - Years
Land	\$ 323,978	\$ 323,978	
Land improvements	1,152,914	978,480	5-15
Buildings	8,347,262	7,897,029	30-40
Furnishings, fixtures, and equipment	6,419,961	6,031,266	3-10
Construction in progress	814,710	551,906	
Total property and equipment	17,058,825	15,782,659	
Less accumulated depreciation	(12,275,198)	(11,567,139)	
Property and equipment - Net	\$ 4,783,627	\$ 4,215,520	

The Inn's depreciation expense for the years ended June 30, 2022 and 2021 totaled \$708,058 and \$735,524, respectively.

Long-Term Debt - Long-term debt of the Inn as of June 30, 2022 and June 30, 2021 consists of the following:

	2022	2021
Paycheck Protection Program Loan	\$ 199,940	\$ -
Less current portion	(47,117)	-
Total long-term debt	\$ 152,823	\$ -

Principal payments on the PPP Loan ranging from \$4,300 to \$4,400 are due in monthly installments through May 2026. The interest rate on the PPP Loan is fixed at 1.0 percent.

Maturities of long-term debt are as follows as of June 30, 2022:

Years Ending	Amount
2023	\$ 47,117
2024	51,895
2025	52,417
2026	48,511
Total	\$ 199,940

Sugar Bush Foundation

The Foundation entered into an agreement with The Sugar Bush Foundation (Sugar Bush), an Ohio not-for-profit corporation, in August 2005. Sugar Bush works with Ohio University and local communities to improve the quality of life in Appalachian Ohio by encouraging civic engagement and by fostering sustainable environmental, socioeconomic and human development.

Operations - Sugar Bush's operations for the years ended June 30, 2022 and 2021 are summarized below:

	2022	2021
Revenue:		
Interest and dividends	\$ 63,440	\$ 54,651
Realized gain (loss)	126,143	259,444
Unrealized gain (loss)	(1,215,076)	1,237,778
Total income	<u>(1,025,493)</u>	<u>1,551,873</u>
Expenses:		
Distribution to Foundation	373,039	349,054
Change in net assets	<u>\$ (1,398,533)</u>	<u>\$ 1,202,819</u>

Russ LLCs

During fiscal year 2009, the Foundation created three limited liability companies to receive property distributions from The Dolores H. Russ Trust (the "Trust") for the benefit of the Russ College of Engineering. A fourth limited liability company was established during fiscal year 2016. The four limited liability companies are the Fritz J. and Dolores H. Russ Holdings LLC, which is the sole member of the other LLCs; the Russ Research Center LLC, which operates a research park in Beavercreek, Ohio; the Russ North Valley Road LLC, which received and subsequently liquidated a real estate gift received from the Trust; and the Russ Center North LLC, which was established for the purpose of purchasing and holding property adjacent to the Russ Research Center LLC. The four LLCs were converted from for-profit LLCs to not-for-profit LLCs on April 20, 2020.

Operations – Russ LLCs’ operations for the years ended June 30, 2022 and 2021 are summarized below:

	2022	2021
Revenue:		
Rental income	\$ 840,361	\$ 695,821
Donated Services	331,014	326,424
Total revenues and other support	1,171,375	1,022,245
Expenses:		
Operating and general expenses	789,282	784,573
Depreciation and amortization	320,314	360,415
Real estate taxes	133,823	135,013
Total expenses	1,243,419	1,280,001
Change in net assets	\$ (72,044)	\$ (257,756)

Going Concern – In recent fiscal years, leases with tenants responsible for a significant amount of revenue expired and were not renewed. The decrease in revenue resulted in a net loss for the years ended June 30, 2022 and 2021. These factors raised substantial doubt about the Russ Research Center LLC’s (the “Center”) ability to continue as a going concern within one year after the date that the financial statements are issued.

While current cash levels and anticipated rental receipts may be sufficient to cover the Center’s recurring operational costs, the Center lacks sufficient resources to fund deferred maintenance and tenant improvement projects that would be necessary to attract additional tenants and strategic partners. To that end, in September 2020, the Foundation’s Board of Trustees adopted a resolution approving the use of up to \$3,000,000 in support of tenant improvements and deferred maintenance projects that have been approved by the Center’s Board of Directors. As of June 30, 2022, none of the authorized \$3,000,000 had been used.

Additionally, over the past several fiscal years, management has collaborated with various professional organizations in and around the Dayton/Beavercreek area to forge new and expanded research partnerships. However, as these efforts did not result in a substantial increase in occupancy at the Center, the Foundation also analyzed various options for the Center’s future, ultimately concluding that the Center should be marketed for sale.

To that end, the Foundation approved in November 2021 a plan to sell the property. A real estate broker was retained, and marketing activities commenced during June 2022. During September 2022, the Center executed a purchase and sale agreement with a prospective buyer. Management believes that the Center will be sold during the fiscal year ended June 30, 2023 and has reclassified the majority of the Center’s fixed assets from Property and equipment – net to Assets held for sale in the accompanying Statements of Financial Position.

Notes to Financial Statements (Continued) June 30, 2022 and 2021

Property and Equipment - Property and equipment of the Russ LLCs as of June 30, 2022 and June 30, 2021 consist of the following:

	2022	2021	Depreciable Life - Years
Land	\$ 875,492	\$ 1,707,792	
Tenant improvements	-	541,709	2-5
Buildings	-	5,515,574	20
Machinery and equipment	90,183	260,486	5-10
Total property and equipment	965,675	8,025,561	
Less accumulated depreciation	(48,941)	(3,940,882)	
Property and equipment - Net	\$ 916,734	\$ 4,084,679	

The Russ LLCs' depreciation expense for the years ended June 30, 2022 and 2021 totaled \$320,314 and \$360,415, respectively.

Ohio University Foundation Real Estate LLC

Ohio University Foundation Real Estate LLC was established during fiscal year 2022 to provide for a separate entity to receive gifts and other transfers of real property to be held, transferred, or sold for the benefit of the Foundation and its purposes.

Property and Equipment - Property and equipment of the Ohio University Foundation Real Estate LLC as of June 30, 2022 and June 30, 2021 consist of the following:

	2022	2021	Depreciable Life - Years
Land	\$ 1,261,404	\$ -	
Buildings	2,060,112	-	30-40
Total property and equipment	3,321,516	-	
Less accumulated depreciation	(687,570)	-	
Property and equipment - Net	\$ 2,633,946	\$ -	

The Ohio University Foundation Real Estate LLC's depreciation expense for the years ended June 30, 2022 and 2021 totaled \$43,879 and \$0, respectively.

Required Supplementary Information

Schedule of University's Proportionate Share of the Net Pension Liability

Plan Year	University's proportion of the net pension liability	University's proportionate share of the net pension liability	University's covered payroll	University's proportionate share of the net pension liability, as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
STRS Ohio					
2022	0.761%	\$ 97,273,407	\$ 74,957,179	129.8%	87.8%
2021	0.870%	210,401,313	85,222,181	246.9%	75.5%
2020	0.907%	200,611,979	87,286,243	229.8%	77.4%
2019	0.960%	210,972,832	89,914,465	234.6%	77.3%
2018	1.003%	238,258,194	92,038,084	258.9%	75.3%
2017	1.019%	341,136,198	89,300,361	382.0%	66.8%
2016	0.992%	274,039,342	87,599,050	312.8%	72.1%
2015	0.999%	242,888,149	86,635,900	280.4%	74.7%
OPERS					
2022	0.740%	\$ 62,632,709	\$ 114,568,165	54.7%	93.0%
2021	0.762%	111,779,683	114,024,681	98.0%	87.2%
2020	0.915%	181,028,559	127,538,397	141.9%	82.4%
2019	0.797%	219,591,985	124,568,381	176.3%	74.9%
2018	0.878%	138,111,070	123,297,069	112.0%	84.9%
2017	0.894%	204,643,077	123,214,718	166.1%	77.4%
2016	0.910%	158,857,405	121,248,226	131.0%	81.2%
2015	0.878%	106,172,642	109,873,095	96.6%	86.5%

These are 10-year schedules. However, the information in these schedules are not required to be presented retroactively. Years will be added to these schedules in future fiscal years until 10 years of information is available.

Schedule of University's Proportionate Share of the Net Pension Liability – STRS Ohio. The amounts presented for each fiscal year were determined as of the yearend that occurred one year prior.

Schedule of University's Proportionate Share of the Net Pension Liability – OPERS. The amounts presented for each fiscal year were determined as of the December 31 yearend that occurred within the fiscal year.

Required Supplementary Information (Continued)

Schedule of University Pension Contributions

Fiscal Year	Statutorily required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	University's covered payroll	Contributions as a percentage of covered payroll
STRS Ohio					
2022	\$ 12,811,654	\$ 12,811,654	\$ -	\$ 72,928,923	17.6%
2021	13,149,764	13,149,764	-	74,957,179	17.5%
2020	14,653,122	14,653,122	-	85,222,181	17.2%
2019	14,920,746	14,920,746	-	87,286,243	17.1%
2018	14,598,317	14,598,317	-	89,914,465	16.2%
2017	15,527,585	15,527,585	-	92,038,084	16.9%
2016	14,809,723	14,809,723	-	89,300,361	16.6%
2015	14,461,472	14,461,472	-	87,599,052	16.5%
OPERS					
2022	\$ 17,348,323	\$ 17,348,323	\$ -	\$ 115,976,769	15.0%
2021	15,428,405	15,428,405	-	111,071,333	13.9%
2020	18,447,892	18,447,892	-	123,802,447	14.9%
2019	18,996,110	18,996,110	-	126,721,759	15.0%
2018	17,759,151	17,759,151	-	123,083,009	14.4%
2017	15,956,637	15,956,637	-	123,682,003	12.9%
2016	17,518,016	17,518,016	-	122,635,620	14.3%
2015	17,091,376	17,091,376	-	118,482,020	14.4%

These are 10-year schedules. However, the information in these schedules are not required to be presented retroactively. Years will be added to these schedules in future fiscal years until 10 years of information is available.

Schedule of University Pension Contributions – OPERS. The OPERS pension contribution is presented net of OPEB allocation starting in fiscal year 2017. 2017 OPEB allocation was higher compared to 2018 consequently, the OPERS net pension contribution was lower in 2017. The 2016 and 2015 OPERS contribution numbers were not adjusted to exclude OPEB allocation. There was no OPEB allocation in 2022 or 2021.

Required Supplementary Information (Continued)

Schedule of University's Proportionate Share of the Net OPEB Liability/(Asset)

Plan Year	University's proportion of the net OPEB liability/(asset)	University's proportionate share of the net OPEB liability/(asset)	University's covered payroll	University's proportionate share of the net OPEB liability/(asset), as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability/(asset)
STRS Ohio					
2022	0.761%	\$ (16,040,562)	\$ 74,957,179	-21.4%	174.7%
2021	0.870%	(15,283,203)	85,222,181	-17.9%	182.1%
2020	0.907%	(15,025,409)	87,286,243	-17.2%	174.7%
2019	0.960%	(15,418,000)	89,914,465	-17.1%	176.0%
2018	1.003%	39,132,274	92,038,084	42.5%	47.1%
OPERS					
2022	0.734%	\$ (22,990,599)	\$ 114,568,165	-20.1%	128.2%
2021	0.756%	(13,463,399)	114,024,681	-11.8%	115.6%
2020	0.907%	125,213,548	127,538,397	98.2%	47.8%
2019	0.789%	102,900,612	124,568,381	82.6%	46.3%
2018	0.870%	94,509,255	123,297,069	76.7%	54.1%

These are 10-year schedules. However, the information in these schedules are not required to be presented retroactively. Years will be added to these schedules in future fiscal years until 10 years of information is available.

Schedule of University's Proportionate Share of the Net OPEB Liability/(Asset) – STRS Ohio. The amounts presented for each fiscal year were determined as of the yearend that occurred one year prior.

Schedule of University's Proportionate Share of the Net OPEB Liability – OPERS. The amounts presented for each fiscal year were determined as of the December 31 yearend that occurred within the fiscal year.

Required Supplementary Information (Continued)

Schedule of University OPEB Contributions

Fiscal Year	Statutorily required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	University's covered payroll	Contributions as a percentage of covered payroll
STRS Ohio					
2022	\$ -	\$ -	\$ -	\$ 72,928,923	0.0%
2021	-	-	-	74,957,179	0.0%
2020	-	-	-	85,222,181	0.0%
2019	-	-	-	87,286,243	0.0%
2018	-	-	-	89,914,465	0.0%
OPERS					
2022	\$ -	\$ -	\$ -	\$ 115,976,769	0.0%
2021	-	-	-	111,071,333	0.0%
2020	-	-	-	123,802,447	0.0%
2019	-	-	-	126,721,759	0.0%
2018	618,683	618,683	-	123,083,009	0.5%

These are 10-year schedules. However, the information in these schedules are not required to be presented retroactively. Years will be added to these schedules in future fiscal years until 10 years of information is available.

Notes to Required Supplementary Information – Pension Plans

Changes in benefit terms and assumptions:

- **STRS Ohio:**
During the plan year ended June 30, 2017, there were changes to several assumptions for STRS. The cost-of-living adjustment dropped from 2.0% to 0.0%. The wage inflation dropped from 2.75% to 2.5%. The investment rate of return decreased from 7.75% to 7.45%. The mortality tables used changed from RP-2000 to RP-2014.

During the plan year ended June 30, 2021, discount rates decreased from 7.45% to 7.0%, and the investment rate of return decreased from 7.45% to 7.0%

- **OPERS:**
During the plan year ended December 31, 2016, there were changes to several assumptions for OPERS. The long-term pension investment return assumption was reduced from 8.0% to 7.5%. The wage inflation dropped from 3.75% to 3.25%. The projected salary increase range changed from 4.25% - 10.05% to 3.25% - 10.75%. The mortality tables used changed from RP-2000 to RP-2014.

During the plan year ended December 31, 2018, the long-term investment return assumption for pension was modified from 7.5% to 7.2% based on changes in the market outlook.

During the plan year ended December 31, 2021, the experience study date changed from a period of 5 years ended December 31, 2015 to a period of 5 years ended December 31, 2020, the discount rate decreased from 7.2% to 6.9%, the investment rate of return decreased from 7.2% to 6.9%, the inflation rate decreased from 3.25% to 2.75%, salary increases changed from 3.25% - 10.75% to 2.75% - 10.75%, and cost of living adjustments for post-1/7/2031 retirees changed from 0.5% simple through 2021, then 2.15% simple, to 3.0% simple through 2022, then 2.05% simple.

Notes to Required Supplementary Information - OPEB

Changes in benefit terms & assumptions:

- **STRS Ohio:**
During the plan year ended June 30, 2018 the health care cost trend rates decreased from 6.0% - 11.0% initial, 4.50% ultimate to -5.23% - 9.62% initial, 4% ultimate and the discount rate increased from 4.13% to 7.45%.

During the plan year ended June 30, 2019 the health care cost trend rates changed to 4.0% - 9.62% initial, 4.0% ultimate.

During the plan year ended June 30, 2020, the health care cost trend rate changed to -6.69% - 11.87% initial, 4.0% ultimate.

During the plan year ended June 30, 2021, discount rates decreased from 7.45% to 7.0%, the investment rate of return decreased from 7.45% to 7.0%, and the health care cost trend rate changed to -16.18% - 29.98% initial, 4.0% ultimate.
- **OPERS:**
During the plan year ended December 31, 2018, the long-term investment return assumption for the Health Care portfolio was reduced from 6.5% to 6.0%.

During the plan year ended December 31, 2019, the discount rate decreased from 3.96% to 3.16%, and the health care cost trend rate changed from 10.0% initial, 3.25% ultimate in 2029 to 10.5% initial, 3.5% ultimate in 2030.

During the plan year ended December 31, 2020, the discount rate increased from 3.16% to 6.0%, and the health care cost trend rate changed to 8.5% initial, 3.5% ultimate in 2035.

During the plan year ended December 31, 2021 the health care cost trend rate changed to 5.5% initial, 3.5% ultimate in 2034.

Supplementary Information

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

Board of Trustees
Ohio University
Athens, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component unit of Ohio University, a component unit of the State of Ohio, as of and for the year ended June 30, 2022, and the related notes to the financial statements which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 17, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ohio University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ohio University's internal control. Accordingly, we do not express an opinion on the effectiveness of Ohio 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Crowe LLP

Columbus, Ohio
October 17, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Trustees
Ohio University
Athens, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ohio University's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Ohio University's major federal programs for the year ended June 30, 2022. Ohio University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Ohio University complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Ohio University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Ohio University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Ohio University's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Ohio University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Ohio University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Ohio University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Ohio University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Ohio University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Columbus, Ohio
October 17, 2022

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
STUDENT AID CLUSTER				
DEPARTMENT OF EDUCATION				
Direct Programs:				
Federal Supplemental Educational Opportunity Grants	84.007	P007A213342	\$ -	\$ 2,001,892
Federal Work-Study Program	84.033	P033A213342	-	839,275
Federal Perkins Loans Outstanding	84.038	UNKNOWN	-	5,241,942
Federal Pell Grant Program	84.063	P063P200345/210345/220345	-	25,213,946
		P268K210345/220345/230345		
Federal Direct Student Loan	84.268	P268K216641/226641/236641	-	171,561,938
Teacher Education Assistance for College and Higher Education Grants	84.379	P379T210345/220345	-	1,636,924
Total Department of Education			-	206,495,917
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
Disadvantaged Student Loans Outstanding	93.342	UNKNOWN	-	3,593,280
Primary Care Loans (HPSL) Outstanding	93.342	UNKNOWN	-	2,825,126
Total Department of Health and Human Services			-	6,418,406
TOTAL STUDENT AID CLUSTER				212,914,323
RESEARCH AND DEVELOPMENT CLUSTER				
DEPARTMENT OF AGRICULTURE				
Direct Programs:				
U S DEPARTMENT OF AGRICULTURE	10.001	59-8040-9-001	-	174,291
U S DEPARTMENT OF AGRICULTURE	10.001	58-5020-1-009	-	14,198
U S DEPARTMENT OF AGRICULTURE	10.001	58-8020-1-008	-	4,125
U S DEPARTMENT OF AGRICULTURE	10.001	58-8020-0-007	-	12,075
U S DEPARTMENT OF AGRICULTURE	10.310	2019-67030-29670	-	4,399
Pass-Through Programs From:				-
FLORIDA INSTITUTE OF TECHNOLOGY	10.310	GR-232437	-	33,606
Total Department of Agriculture			-	242,694
DEPARTMENT OF COMMERCE				
Pass-Through Programs From:				
ASSOCIATION OF PUBLIC AND LAND GRANT UNIVERSITIES	11.620	2113-1	14,400	30,129
Total Department of Commerce			14,400	30,129
DEPARTMENT OF DEFENSE				
Direct Programs:				
US Army				
U S ARMY MEDICAL RESEARCH AND MATERIAL COMMAND	12.420	W81XWH1810707	222	207,349
U S ARMY RESEARCH OFFICE	12.431	W911NF1920081	-	36,876
Defense Advanced Research Projects Agency				-
SPACE AND NAVAL WARFARE SYSTEMS CENTER	12.910	N66001-16-1-4040	-	22,564
Pass-Through Programs From:				-
WRIGHT STATE UNIVERSITY	12.910	671100-1	-	344,255
Total Department of Defense			222	611,044
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)				
Pass-Through Programs From:				
CITY OF ATHENS	COVID-19 - 14.228	A-D-20-2AE-4	-	51,359
Total Department of Housing and Urban Development			-	51,359
DEPARTMENT OF EDUCATION				
Direct Programs:				
U S DEPARTMENT OF EDUCATION	84.200A	P200A210095	-	17,531
U S DEPARTMENT OF EDUCATION	84.200A	P200A210072	-	34,224
U S DEPARTMENT OF EDUCATION	84.305A	R305A210224	56,538	289,601
U S DEPARTMENT OF EDUCATION	84.305A	R305A210323	-	239,901
U S DEPARTMENT OF EDUCATION	84.324A	R324A190154	-	625,519
Pass-Through Programs From:				-
OHIO STATE UNIVERSITY	84.305B	60078065	-	44,123
UNIVERSITY OF VIRGINIA	84.305N	GM10155-150691	-	5,012
EAST CAROLINA UNIVERSITY	84.324A	A19-003-S001	-	91,218
Total Department of Education			56,538	1,347,129

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
DEPARTMENT OF ENERGY				
Direct Programs:				
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-93ER40756	-	406,488
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-02ER46012	-	8,369
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-88ER40387	-	454,778
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-06ER46317	-	197,926
U S DEPARTMENT OF ENERGY	81.049	DE-SC0019042	-	158,267
U S DEPARTMENT OF ENERGY	81.049	DE-SC0019091	-	199,410
U S DEPARTMENT OF ENERGY	81.049	DE-SC0020231	-	74,079
U S DEPARTMENT OF ENERGY	81.057	DE-FE0032078	29,074	49,015
U S DEPARTMENT OF ENERGY	81.086	DE-EE0009502	-	316,229
U S DEPARTMENT OF ENERGY	81.089	DE-FE0031709	-	74,601
U S DEPARTMENT OF ENERGY	81.089	DE-FE0031809	242,962	544,838
U S DEPARTMENT OF ENERGY	81.089	DE-FE0031981	-	305,984
U S DEPARTMENT OF ENERGY	81.089	DE-FE0031982	57,020	245,468
U S DEPARTMENT OF ENERGY	81.089	DE-FE0032143	-	42,019
U S DEPARTMENT OF ENERGY	81.089	DE-FE0032144	-	104,351
U S DEPARTMENT OF ENERGY	81.112	DE-NA0003883	-	268,199
U S DEPARTMENT OF ENERGY	81.112	DE-NA0003909	-	242,397
U S DEPARTMENT OF ENERGY	81.112	DE-NA0003883	-	8,138
U S DEPARTMENT OF ENERGY	81.112	DE-NA0004073	-	6,060
Pass-Through Programs From:				
PACIFIC NORTHWEST NATIONAL LABORATORY	81.049	556503	-	20,397
PACIFIC NORTHWEST NATIONAL LABORATORY	81.049	632880	-	118
UNIVERSITY OF NORTH DAKOTA	81.089	UT22115	-	210,642
Total Department of Energy			329,056	3,937,773
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
National Institutes of Health				
NATIONAL INSTITUTES OF HEALTH	93.113	1R15ES030140-01	6,916	72,719
NATIONAL INSTITUTES OF HEALTH	93.113	1R01ES030425-03	-	308,122
NATIONAL INSTITUTES OF HEALTH	93.113	9R15ES029723-02A1	-	95,297
NATIONAL INSTITUTES OF HEALTH	93.172	1R15HG009972-01	-	103,641
NATIONAL INSTITUTES OF HEALTH	93.173	1R15DC07616-01A1	-	163,799
NATIONAL INSTITUTES OF HEALTH	93.173	1R15DC017032-01A1	-	71,433
NATIONAL INSTITUTES OF HEALTH	93.242	1R15MH116311-01A1	61,370	122,487
NATIONAL INSTITUTES OF HEALTH	93.242	1R15MH128703-01	-	64,179
NATIONAL INSTITUTES OF HEALTH	93.273	1F31AA028721-01A1	-	42,085
NATIONAL INSTITUTES OF HEALTH	93.307	1R01MD012579-01A1	158,735	496,685
NATIONAL INSTITUTES OF HEALTH	93.396	1R15CA242177-01	-	63,842
NATIONAL INSTITUTES OF HEALTH	93.837	1R01HL127766-01A1	71,840	114,656
NATIONAL INSTITUTES OF HEALTH	93.837	1R15HL133885-01A1	-	65,523
NATIONAL INSTITUTES OF HEALTH	93.846	1R01AR077248-01A1	93,363	165,437
NATIONAL INSTITUTES OF HEALTH	93.847	1R15DK118611-01	5,992	53,989
NATIONAL INSTITUTES OF HEALTH	93.847	2R01DK054254-15A1	-	289,184
NATIONAL INSTITUTES OF HEALTH	93.847	1R15DK121247-01	-	67,625
NATIONAL INSTITUTES OF HEALTH	93.847	1R01DK124126-01A1	-	703,640
NATIONAL INSTITUTES OF HEALTH	93.853	1R15NS111376-01	-	140,885
NATIONAL INSTITUTES OF HEALTH	93.853	1R15NS115080-01A1	-	90,289
NATIONAL INSTITUTES OF HEALTH	93.855	1R15AI130983-01	-	9,916
NATIONAL INSTITUTES OF HEALTH	93.855	1R01AI143743-01	18,447	352,395
NATIONAL INSTITUTES OF HEALTH	93.855	1R15AI147238-01A1	-	162,448
NATIONAL INSTITUTES OF HEALTH	93.855	1R21AI156391-01	-	119,002
NATIONAL INSTITUTES OF HEALTH	93.855	1R03AI164436-01	-	67,768
NATIONAL INSTITUTES OF HEALTH	93.859	2R15GM110602-02	-	167,702
NATIONAL INSTITUTES OF HEALTH	93.859	1R15GM132841-01	-	108,496
NATIONAL INSTITUTES OF HEALTH	93.865	1R15HD101984-01	-	174,969
NATIONAL INSTITUTES OF HEALTH	93.866	1R01AG044424-01A1	-	30,295
NATIONAL INSTITUTES OF HEALTH	93.866	1R01AG059779-01	-	329,753
NATIONAL INSTITUTES OF HEALTH	93.866	1R15AG065925-01A1	-	111,786
NATIONAL INSTITUTES OF HEALTH	93.866	1F32AG069358-01	-	69,648
NATIONAL INSTITUTES OF HEALTH	93.866	1R01AG067758-01A1	413,518	576,990
NATIONAL INSTITUTES OF HEALTH	93.866	1R15AG073922-01	-	47,220
Centers for Disease Control and Prevention				
CENTERS FOR DISEASE CONTROL AND PREVENTION	93.262	5T03OH009841-11-00	-	184,627
Pass-Through Programs From:				
UNIVERSITY OF MARYLAND	93.103	111830-Z0443201	-	95,232
UNIVERSITY OF CINCINNATI	93.262	013704-00011	-	2,070

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
OHIO STATE UNIVERSITY	93.279	GR122571	-	95,261
OHIO STATE UNIVERSITY	COVID-19 - 93.323	GR124692	-	144,220
MT SINAI HEALTH CARE FOUNDATION	93.393	0255-F271-4609	-	3,383
BOSTON UNIVERSITY	93.837	4500002694	-	164,843
EMORY UNIVERSITY	93.846	A605559	-	64,501
ARIZONA STATE UNIVERSITY	93.847	ASUB00000810	-	26,082
ASAKE BIOTECHNOLOGY	93.847	R41DK131839OU	-	102,500
UNIVERSITY OF MARYLAND	93.855	F304806-1	-	22,115
SAINT LOUIS UNIVERSITY	93.859	321232ERS22245	-	55,939
MONTANA STATE UNIVERSITY	93.865	G266-21-W8837	-	12,375
VIRGINIA COMMONWEALTH UNIVERSITY	93.865	FP00009022_SA001	-	55,582
AEIOU SCIENTIFIC LLC	93.866	UNKNOWN	-	37,139
NORTHWESTERN UNIVERSITY	93.866	60054405 OU	-	113,398
THE REGENTS OF THE UNIVERSITY OF CALIFORNIA SAN DIEGO	93.866	KR704768	-	17,512
CLEMSON UNIVERSITY	93.879	2210-209-2013943	-	28,981
UNIVERSITY OF WASHINGTON	93.884	UWSC9343	-	32,237
Total Department of Health and Human Services			<u>830,181</u>	<u>6,881,902</u>
DEPARTMENT OF THE INTERIOR				
Direct Programs:				
NATIONAL PARK SERVICE	15.945	P20AC01038	-	14,922
Pass-Through Programs From:				
OHIO DEPARTMENT OF NATURAL RESOURCES	15.615	DNR01-0000041408	-	3,554
OHIO DEPARTMENT OF NATURAL RESOURCES	15.634	DNR01-0000045993	-	15,278
TEMPLE UNIVERSITY	15.657	265757-OHIO	-	13,114
OHIO DEPARTMENT OF NATURAL RESOURCES	15.684	DNR01-0000047843	-	33,956
Total Department of the Interior			<u>-</u>	<u>80,824</u>
DEPARTMENT OF JUSTICE				
Pass-Through Programs From:				
FOREVERDADS	16.812	UNKNOWN	-	(4,439)
Total Department of Justice			<u>-</u>	<u>(4,439)</u>
DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
FEDERAL AVIATION ADMINISTRATION	20.108	16-G-012	-	20,881
FEDERAL AVIATION ADMINISTRATION	20.108	692M152140005	-	179,464
FEDERAL AVIATION ADMINISTRATION	20.XXX	DTFAWA-16-A-80014	-	1,263,296
FEDERAL AVIATION ADMINISTRATION	20.XXX	693KA8-22-T-00010	-	386,944
Pass-Through Programs From:				
NATIONAL ACADEMY OF SCIENCES	20.200	HR 18-18	23,853	45,211
OHIO DEPARTMENT OF TRANSPORTATION	20.200	737355	-	46,202
UNIVERSITY OF CINCINNATI	20.200	011606-002	-	23,068
Total Department of Transportation			<u>23,853</u>	<u>1,965,066</u>
ENVIRONMENTAL PROTECTION AGENCY				
Direct Programs:				
U S ENVIRONMENTAL PROTECTION AGENCY	66.808	X1-00E03138	-	159
Pass-Through Programs From:				
OHIO ENVIRONMENTAL PROTECTION AGENCY	66.605	EPA01-000005312	-	29,406
Total Environmental Protection Agency			<u>-</u>	<u>29,565</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Direct Programs:				
NASA SHARED SERVICES CENTER	43.001	80NSSC22K0366	-	4,906
NASA SHARED SERVICES CENTER	43.007	80NSSC19K1481	52,552	218,910
Pass-Through Programs From:				
TEXAS TECH UNIVERSITY	43.001	70572-13599-OU	-	10,000
UNIVERSITY OF FLORIDA	43.007	SUB00001659	-	31,094
OHIO AEROSPACE INSTITUTES	43.008	UNKNOWN	-	24,500
OHIO SPACE GRANT CONSORTIUM	43.008	UNKNOWN	-	1,000
Total National Aeronautics and Space Administration			<u>52,552</u>	<u>290,410</u>
NATIONAL ENDOWMENT OF THE ARTS				
Direct Programs:				
NATIONAL ENDOWMENT FOR THE ARTS	45.024	1863418-38-20	-	5,504
Total National Endowment for the Arts			<u>-</u>	<u>5,504</u>

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
NATIONAL SCIENCE FOUNDATION				
Direct Programs:				
NATIONAL SCIENCE FOUNDATION	47.041	CBET-2046095	-	69,436
NATIONAL SCIENCE FOUNDATION	47.041	CBET-1836905	-	53,628
NATIONAL SCIENCE FOUNDATION	47.041	CBET-1903568	-	16,850
NATIONAL SCIENCE FOUNDATION	47.041	CBET-1939948	-	24,870
NATIONAL SCIENCE FOUNDATION	47.041	IIP-2002879	-	9,188
NATIONAL SCIENCE FOUNDATION	47.041	CBET-1953311	-	53,563
NATIONAL SCIENCE FOUNDATION	47.049	AST 2107870	-	46,252
NATIONAL SCIENCE FOUNDATION	47.049	PHY-1714008	-	16,826
NATIONAL SCIENCE FOUNDATION	47.049	DMS-1815079	-	24,558
NATIONAL SCIENCE FOUNDATION	47.049	PHY-1913170	-	179,515
NATIONAL SCIENCE FOUNDATION	47.049	CHE-1905238	-	102,490
NATIONAL SCIENCE FOUNDATION	47.049	CHE-1948611	-	104,462
NATIONAL SCIENCE FOUNDATION	47.049	DMR-2018520	-	185,555
NATIONAL SCIENCE FOUNDATION	47.049	PHY-2012573	-	76,553
NATIONAL SCIENCE FOUNDATION	47.050	OPP-1744998	-	33,447
NATIONAL SCIENCE FOUNDATION	47.050	AGS-1749504	-	54,093
NATIONAL SCIENCE FOUNDATION	47.070	CCF-1703013	11,188	90,959
NATIONAL SCIENCE FOUNDATION	47.070	CCF-1901192	22,984	86,440
NATIONAL SCIENCE FOUNDATION	47.070	CNS-1936794	-	84,138
NATIONAL SCIENCE FOUNDATION	47.070	OAC-2004601	479,808	594,056
NATIONAL SCIENCE FOUNDATION	47.074	DEB-2135448	-	87,126
NATIONAL SCIENCE FOUNDATION	47.074	IOS-1656765	-	40,193
NATIONAL SCIENCE FOUNDATION	47.074	DEB-2117446	-	39,241
NATIONAL SCIENCE FOUNDATION	47.074	MCB-1750361	-	176,804
NATIONAL SCIENCE FOUNDATION	47.074	DEB-1950636	-	6,516
NATIONAL SCIENCE FOUNDATION	47.075	BCS-1638796	-	51,192
NATIONAL SCIENCE FOUNDATION	47.075	SMA-1659455	-	94,890
NATIONAL SCIENCE FOUNDATION	47.075	SES-1557082	-	17,092
NATIONAL SCIENCE FOUNDATION	47.076	DRL-2101456	-	220,718
NATIONAL SCIENCE FOUNDATION	47.076	DGE-1645419	-	10,535
NATIONAL SCIENCE FOUNDATION	47.076	DME-1758484	-	333,585
Pass-Through Programs From:				
DESERT RESEARCH INSTITUTE	47.041	GR12849	-	287,679
UNIVERSITY OF CINCINNATI	47.076	L12-4500093879	-	18,984
Total National Science Foundation			513,980	3,221,998
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			1,820,782	18,760,394
<u>ECONOMIC DEVELOPMENT CLUSTER</u>				
DEPARTMENT OF COMMERCE				
Direct Programs:				
ECONOMIC DEVELOPMENT ADMINISTRATION	11.307	06-79-06120	104,256	322,266
ECONOMIC DEVELOPMENT ADMINISTRATION	11.307	06-79-06147	-	342,221
ECONOMIC DEVELOPMENT ADMINISTRATION	COVID-19 - 11.307	06-79-06273	-	340,917
ECONOMIC DEVELOPMENT ADMINISTRATION	11.307	06-69-06219	346,109	569,234
TOTAL ECONOMIC DEVELOPMENT CLUSTER			450,365	1,574,638
<u>477 CLUSTER</u>				
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through Programs From:				
OHIO ASSOCIATION OF COMMUNITY ACTION AGENCIES (OACAA)	93.569	UNKNOWN	-	18,242
OHIO ASSOCIATION OF COMMUNITY ACTION AGENCIES (OACAA)	93.569	UNKNOWN	-	10,000
TOTAL 477 CLUSTER			-	28,242
<u>FISH AND WILDLIFE CLUSTER</u>				
DEPARTMENT OF THE INTERIOR				
Pass-Through Programs From:				
OHIO DEPARTMENT OF NATURAL RESOURCES	15.611	DNR01-0000045992	-	13,560
TOTAL FISH AND WILDLIFE CLUSTER			-	13,560
<u>HIGHWAY PLANNING AND CONSTRUCTION CLUSTER</u>				
DEPARTMENT OF TRANSPORTATION				
Pass-Through Programs From:				
EL ROBINSON ENGINEERING	20.205	34652	-	26,150
EL ROBINSON ENGINEERING	20.205	34652	-	26,312

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
OHIO DEPARTMENT OF TRANSPORTATION	20.205	32449	-	3,338
OHIO DEPARTMENT OF TRANSPORTATION	20.205	33809	12,193	25,794
OHIO DEPARTMENT OF TRANSPORTATION	20.205	33717	6,887	13,684
OHIO DEPARTMENT OF TRANSPORTATION	20.205	33719	-	186
OHIO DEPARTMENT OF TRANSPORTATION	20.205	34654	29,303	88,314
OHIO DEPARTMENT OF TRANSPORTATION	20.205	34884	-	41,658
OHIO DEPARTMENT OF TRANSPORTATION	20.205	34878	78,941	99,782
OHIO DEPARTMENT OF TRANSPORTATION	20.205	34883	1,949	107,866
OHIO DEPARTMENT OF TRANSPORTATION	20.205	34890	12,516	93,443
OHIO DEPARTMENT OF TRANSPORTATION	20.205	36805	6,235	46,045
OHIO DEPARTMENT OF TRANSPORTATION	20.205	37361	4,843	40,294
THE OHIO STATE UNIVERSITY	20.205	GR122218	-	(201)
THE OHIO STATE UNIVERSITY	20.205	GR127264	-	16,801
WEST VIRGINIA UNIVERSITY	20.205	21-431-OU	-	19,946
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			152,867	649,412
<u>SPECIAL EDUCATION CLUSTER (IDEA)</u>				
DEPARTMENT OF EDUCATION				
Pass-Through Programs From:				
UNIVERSITY OF CINCINNATI	84.027A	012498-002	-	2,970
UNIVERSITY OF CINCINNATI	84.027A	012966-022	-	704
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)			-	3,674
<u>CCDF CLUSTER</u>				
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through Programs From:				
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	COVID-19 - 93.575	UNKNOWN	-	12,601
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	COVID-19 - 93.575	UNKNOWN	-	22,292
TOTAL CCDF CLUSTER			-	34,893
<u>MEDICAID CLUSTER</u>				
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through Programs From:				
CASE WESTERN RESERVE UNIVERSITY	93.778	RES516772	-	32,557
OHIO STATE UNIVERSITY	93.778	60069320	-	445
OHIO STATE UNIVERSITY	93.778	GR123550	514,235	1,278,231
OHIO STATE UNIVERSITY	93.778	GR123487	-	34,756
OHIO STATE UNIVERSITY	93.778	GR123504	-	19,015
OHIO STATE UNIVERSITY	93.778	GR126271	-	34,685
TOTAL MEDICAID CLUSTER			514,235	1,399,689
<u>OTHER PROGRAMS</u>				
APPALACHIAN REGIONAL COMMISSION				
Direct Programs:				
APPALACHIAN REGIONAL COMMISSION	23.002	PW-19369-IM-19	-	1,950
APPALACHIAN REGIONAL COMMISSION	23.002	IS-205524-22	38,116	131,025
			38,116	132,975
Pass-Through Programs From:				
FOUNDATION FOR APPALACHIAN OHIO	23.002	SEE-I-1	-	284,574
SHAWNEE STATE UNIVERSITY	23.002	SSU004	-	104,976
			-	389,550
EAST TENNESSEE STATE UNIVERSITY	23.011	21-201-1-S8.1	-	4,750
Total Appalachian Regional Commission			38,116	527,275
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Pass-Through Programs From:				
OHIO COMMISSION ON SERVICE AND VOLUNTEERISM	94.006	19ESH-1502-21-OC068	-	13,218
OHIO COMMISSION ON SERVICE AND VOLUNTEERISM	94.006	19ESH-1502-22-OC068	-	236,981
Total Corporation for National and Community Service			-	250,199
DEPARTMENT OF AGRICULTURE				
Direct Programs:				
U S DEPARTMENT OF AGRICULTURE	10.351	41-005-260238852	-	1

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
U S DEPARTMENT OF AGRICULTURE	10.351	41-005-260238852	-	9,564
U S DEPARTMENT OF AGRICULTURE	10.351	41-005-260238852	-	74,356
Total Department of Agriculture			-	83,921
DEPARTMENT OF COMMERCE				
Direct Programs:				
ECONOMIC DEVELOPMENT ADMINISTRATION	11.023	ED21HDQ0230003	42,000	158,741
Pass-Through Programs From:				
BOWLING GREEN STATE UNIVERSITY	11.303	10009528-OU	-	39,091
BOWLING GREEN STATE UNIVERSITY	COVID-19 - 11.303	10010799-OU	-	108,014
BOWLING GREEN STATE UNIVERSITY	11.303	10011064-OU	-	54,976
Total Department of Commerce			42,000	360,822
DEPARTMENT OF DEFENSE				
Pass-Through Programs From:				
OHIO DEVELOPMENT SERVICES AGENCY	12.002	PTAG20220525	-	246,009
OHIO DEVELOPMENT SERVICES AGENCY	12.002	PTAG20210525	-	282,253
Total Department of Defense			-	528,262
DEPARTMENT OF EDUCATION				
Direct Programs:				
U S DEPARTMENT OF EDUCATION	84.336S	U336S190027	-	310,184
U S DEPARTMENT OF EDUCATION - HEERF III Student Aid	COVID-19 - 84.425E	P425E200882-20A	-	27,189,887
U S DEPARTMENT OF EDUCATION - HEERF III Institutional	COVID-19 - 84.425F	P425F202450-20A	-	20,049
U S DEPARTMENT OF EDUCATION - HEERF Strengthening Institutions	COVID-19 - 84.425M	P425M201073-20A	-	204,027
U S DEPARTMENT OF EDUCATION - HEERF Strengthening Institutions	COVID-19 - 84.425M	P425M201074-20A	-	164,353
U S DEPARTMENT OF EDUCATION - HEERF Strengthening Institutions	COVID-19 - 84.425M	P425M201077-20A	-	158,404
U S DEPARTMENT OF EDUCATION - HEERF Strengthening Institutions	COVID-19 - 84.425M	P425M201078-20A	-	232,476
U S DEPARTMENT OF EDUCATION - HEERF Strengthening Institutions	COVID-19 - 84.425M	P425M201079-20A	-	27,287
			-	27,996,483
Pass Through Programs From:				
OHIO DEPARTMENT OF HIGHER EDUCATION	84.002	UNKNOWN	-	153,474
LOGAN HOCKING LOCAL SCHOOLS	84.184G	UNKNOWN	-	33,148
LOGAN HOCKING LOCAL SCHOOLS	84.184G	UNKNOWN	-	25,080
MUSKINGUM VALLEY EDUCATIONAL SERVICE CENTER	84.184H	ASL0521	-	60,962
			-	119,190
ALEXANDER LOCAL SCHOOL DISTRICT	84.287	UT19136	-	245
ALEXANDER LOCAL SCHOOL DISTRICT	84.287	UT19136	-	162,875
ATHENS CITY SCHOOL DISTRICT	84.287	UT18278	-	108
ATHENS CITY SCHOOL DISTRICT	84.287	UT18278	-	181,956
BELPRE CITY SCHOOLS	84.287	UT22205	-	116,943
FEDERAL HOCKING LOCAL SCHOOL DISTRICT	84.287	UT20673	-	157
FEDERAL HOCKING LOCAL SCHOOL DISTRICT	84.287	UT19139	-	106
FEDERAL HOCKING LOCAL SCHOOL DISTRICT	84.287	UT19139	-	164,844
FEDERAL HOCKING LOCAL SCHOOL DISTRICT	84.287	UT20673	-	201,048
NELSONVILLE-YORK CITY SCHOOLS	84.287	UT21762	-	177,719
SOUTHERN LOCAL SCHOOL DISTRICT (PERRY COUNTY)	84.287	UT19134	-	7
SOUTHERN LOCAL SCHOOL DISTRICT (PERRY COUNTY)	84.287	UT19134	-	185,530
SOUTHERN LOCAL SCHOOL DISTRICT (PERRY COUNTY)	84.287	UT20213	-	57,132
			-	1,248,670
OHIO DEPARTMENT OF HIGHER EDUCATION	84.334	UNKNOWN	-	43,825
NATIONAL WRITING PROJECT CORPORATION	84.411A	07-OH06-2021i3WNTS	-	801
OHIO DEPARTMENT OF HIGHER EDUCATION	COVID-19 - 84.425C	UNKNOWN	-	282,107
OHIO DEPARTMENT OF HIGHER EDUCATION	COVID-19 - 84.425C	UNKNOWN	-	3,857
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	COVID-19 - 84.425C	2100940	68,502	273,116
PREVENTION FIRST	COVID-19 - 84.425C	UNKNOWN	-	13,200
OHIO DEPARTMENT OF HIGHER EDUCATION	COVID-19 - 84.425D	1266	-	136
OHIO DEPARTMENT OF HIGHER EDUCATION	COVID-19 - 84.425U	EDUFAR21	-	402
			68,502	572,818
Total Department of Education			68,502	30,445,445
DEPARTMENT OF ENERGY				
Direct Programs:				
U S DEPARTMENT OF ENERGY	81.214	DE-EM0004147	-	1,695,155

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
Total Department of Energy			-	1,695,155
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
Health Resources and Services Administration				
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.732	T98HP33468	-	118,632
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.732	T26HP39453	-	417,544
			-	536,176
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.912	D04RH31792	-	132,107
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.912	GA1RH33529	199,711	312,826
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.912	P10RH41765	-	88,104
			199,711	533,037
Substance Abuse and Mental Health Services Administration				
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION	93.243	1H79SP081638	90,042	329,652
Pass Through Programs From:				
PASSAGES CONNECTING FATHERS AND FAMILIES	93.086	29-MH	-	4,000
OHIO DEPARTMENT OF YOUTH SERVICES	93.092	8AS4010	-	93,457
THE UNIVERSITY OF TOLEDO	93.107	F-2021-17	-	24,241
THE UNIVERSITY OF TOLEDO	93.107	F-2022-09	-	106,491
			-	130,732
FRANKLIN COUNTY PUBLIC HEALTH	93.136	CDCOD2A-212-1	-	41,072
FRANKLIN COUNTY PUBLIC HEALTH	93.136	CDCOD2A-212-2	-	128,672
HAMILTON COUNTY PUBLIC HEALTH	93.136	CDCOD2A-1	-	83,095
HAMILTON COUNTY PUBLIC HEALTH	93.136	CDCOD2A-2	-	113,161
			-	366,000
NATIONAL RURAL HEALTH ASSOCIATION	93.155	UNKNOWN	-	2,921
NATIONAL RURAL HEALTH ASSOCIATION	93.155	UNKNOWN	(1,229)	1,569
			(1,229)	4,490
AMERICAN ACADEMY OF DEVELOPMENTAL MEDICINE AND DENTISTRY	93.184	UNKNOWN	-	1,268
PACIFIC INSTITUTE	93.211	958	-	1,536
THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL	93.211	5112961	-	12,975
			-	14,511
OHIO CITIZEN ADVOCATES FOR ADDICTION RECOVERY (OCAAR)	93.243	UNKNOWN	-	10,000
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	93.243	2100637	-	17,995
			-	27,995
OHIO DEPARTMENT OF HEALTH	93.426	UNKNOWN	-	538
FRANKLIN COUNTY PUBLIC HEALTH	COVID-19 - 93.495	UNKNOWN	-	18,257
JACKSON COUNTY HEALTH DEPARTMENT	COVID-19 - 93.495	UT22192	-	80,244
			-	98,501
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.645	G-2223-06-0078	-	25,092
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.658	G-2021-06-0240	-	69,348
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.658	G-2223-06-0078	-	14,328
			-	83,676
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.667	G-2223-06-0078	-	1,241
CASE WESTERN RESERVE UNIVERSITY	93.788	RESS16711	-	270,183
NORTHEAST OHIO MEDICAL UNIVERSITY	93.788	G0370-A	-	14,598
			-	284,781
PACIFIC INSTITUTE	93.912	1069	-	8,360
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	93.958	2200496	33,826	86,708
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	93.958	2100140	61,993	105,253
OHIO SUICIDE PREVENTION FOUNDATION	93.958	UNKNOWN	13,737	100,050
OHIO SUICIDE PREVENTION FOUNDATION	93.958	UNKNOWN	26,138	75,687
PACIFIC INSTITUTE	93.958	1044	-	161,544
			135,694	529,242

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
MANSFIELD URBAN MINORITY ALCOHOLISM AND DRUG ABUSE OUTRCH	COVID-19 - 93.959	UNKNOWN	-	20,085
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	93.959	2100139	192	101,193
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	93.959	2200104	13,717	156,485
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	COVID-19 - 93.959	336618	98,486	179,319
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	COVID-19 - 93.959	336618	88,348	169,011
			200,743	626,093
OHIO DEPARTMENT OF HEALTH	93.994	00540011CK0321	-	916
Total Department of Health and Human Services			624,961	3,699,758
DEPARTMENT OF HOMELAND SECURITY				
Pass-Through Programs From:				
OHIO DEPARTMENT OF NATURAL RESOURCES	97.012	UNKNOWN	-	16,005
OHIO EMERGENCY MANAGEMENT AGENCY	97.036	PA-05-4507-PW-00140	-	11,060
Total Department of Homeland Security			-	27,065
DEPARTMENT OF THE INTERIOR				
Direct Programs:				
NATIONAL PARK SERVICE	15.954	P22AC00150-00	-	2,036
Pass-Through Programs From:				
RACCOON CREEK PARTNERSHIP	15.253	UNKNOWN	-	4,828
Total Department of the Interior			-	6,864
DEPARTMENT OF JUSTICE				
Pass-Through Programs From:				
OHIO STATE LEGAL SERVICES ASSOCIATION	16.582	2018-V3-GX-0067	-	7,010
MANSFIELD URBAN MINORITY ALCOHOLISM AND DRUG ABUSE OUTRCH	16.812	UNKNOWN	-	22,372
Total Department of Justice			-	29,382
DEPARTMENT OF STATE				
Pass-Through Programs From:				
AMERICAN COUNCILS FOR INTERNATIONAL EDUCATION DC	19.040	UNKNOWN	-	2,784
AMERICAN COUNCILS FOR INTERNATIONAL EDUCATION DC	19.040	UNKNOWN	-	841
FHI360	19.421	102575.001.003	-	80,746
FHI360	19.421	102658.001.002	-	124,736
FHI360	19.421	102465.001.002	-	6,634
AMERICAN COUNCILS FOR INTERNATIONAL EDUCATION DC	19.900	UNKNOWN	-	8,212
Total Department of State			-	223,953
DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
FEDERAL AVIATION ADMINISTRATION	COVID-19 - 20.106	3-39-0006-023-2021	-	11,417
FEDERAL AVIATION ADMINISTRATION	20.106	3-39-0006-023-2021	-	102,755
FEDERAL AVIATION ADMINISTRATION	COVID-19 - 20.106	3-39-0006-024-2021	-	21,666
Total Department of Transportation			-	135,838
ENVIRONMENTAL PROTECTION AGENCY				
Pass-Through Programs From:				
OHIO DEPARTMENT OF NATURAL RESOURCES	66.460	DNR01-0000046743	-	34,752
OHIO DEPARTMENT OF NATURAL RESOURCES	66.460	DNR01-0000048529	-	86,796
Total Environmental Protection Agency			-	121,548
NATIONAL ENDOWMENT OF THE ARTS				
Direct Programs:				
NATIONAL ENDOWMENT FOR THE ARTS	45.024	1885641-32-21	-	10,000
Pass-Through Programs From:				
ARTS MIDWEST TOURING FUND	45.025	00027013	-	500
Total National Endowment for the Arts			-	10,500
SMALL BUSINESS ADMINISTRATION				
Direct Programs:				
U S SMALL BUSINESS ADMINISTRATION	COVID-19 - 59.075	SBAHQ21SV001262.2	-	42,762
U S SMALL BUSINESS ADMINISTRATION	COVID-19 - 59.075	SBAHQ21SV004265	-	25,385
Pass-Through Programs From:				
OHIO DEVELOPMENT SERVICES AGENCY	COVID-19 - 59.037	OSBG-20-342	-	209,670
OHIO DEVELOPMENT SERVICES AGENCY	59.037	OSBG-21-324	-	128,418
OHIO DEVELOPMENT SERVICES AGENCY	59.037	OSBG-22-324	-	412,781
Total Small Business Administration			-	819,016

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2022

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
UNITED STATES TREASURY				
Pass-Through Programs From:				
OHIO DEPARTMENT OF HIGHER EDUCATION	COVID-19 - 21.019	14	-	5,000
Total United States Treasury			-	5,000
 TOTAL OTHER PROGRAMS			773,579	38,970,003
 GRAND TOTAL FEDERAL AWARDS			\$ 3,711,828	\$ 274,348,828

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Ohio University (the "University") under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, *Cost Principles for Educational Institutions*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The University has elected not to use the 10 percent de minimis indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

Note 3 - Noncash Assistance

During the year ended June 30, 2022, Ohio University did not receive any nonmonetary assistance.

Note 4 - Adjustments and Transfers

During the year ended June 30, 2022, the University transferred \$1,108,502 of the 2021-2022 FWS Program (84.033) award to the Supplemental Educational Opportunity Grant (SEOG) Program (84.007).

Note 5 - Loan Balances

Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards. The balances of loans outstanding at June 30, 2022 consist of the following:

Cluster/Program Title	Assistance Listing Number	Loan Balance
Student Aid Cluster/Federal Perkins Loans Outstanding	84.038	\$ 3,704,744
Student Aid Cluster/Disadvantaged Student Loans Outstanding	93.342	3,214,442
Student Aid Cluster/Primary Care Loans (HPSL) Outstanding	93.342	2,684,596
		<u>\$ 9,603,783</u>

Notes to Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2022

Note 6 - CARES Act Higher Education Emergency Relief Fund (HEERF) Institutional Award Disclosure and Education Stabilization Fund (ESF)

For fiscal year 2021, the reporting of HEERF Institutional expenditures on the Schedule of Expenditures of Federal Awards was independent of the determination of revenue recognition under GAAP. Therefore, the institutional costs incurred and reported through June 30, 2021 where revenue was recognized after that date is disclosed as follows:

Cluster/Program	Assistance Listing Number	Disclosure Amount
Other Programs/U S DEPARTMENT OF EDUCATION HEERF III Institutional	COVID-19 - 84.425F	\$ 25,616,007

The total for the CARES Act Education Stabilization Fund (ESF) programs on the Schedule of Expenditures of Federal Awards for Assistance Listing Number 84.425 HEERF for fiscal year 2022 is as follows:

Cluster/Program	Assistance Listing Number	Expenditure Amount
Other Programs/U S DEPARTMENT OF EDUCATION HEERF Student Aid	COVID-19 - 84.425E	\$ 27,189,887
Other Programs/U S DEPARTMENT OF EDUCATION HEERF Institutional	COVID-19 - 84.425F	20,049
Other Programs/U S DEPARTMENT OF EDUCATION - HEERF		
Strengthening Institutions Program	COVID-19 - 84.425M	786,547
		\$ 27,996,483

Schedule of Findings and Questioned Costs Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

ALN Number	Name of Federal Program or Cluster	Opinion
84.425C, 84.425D, 84.425E, 84.425F, 84.425M, 84.425U	Education Stabilization Fund	Unmodified
Various	Research and Development Cluster	Unmodified
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.342	Student Financial Aid Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$1,843,035

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None