

OHIO UNIVERSITY
ATHENS COUNTY
REGULAR AND SINGLE AUDIT
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022



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Board of Trustees
Ohio University
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Athens, Ohio 45701

We have reviewed the *Independent Auditor's Report* of the Ohio University, Athens County, prepared by Crowe LLP, for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ohio University is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

November 22, 2023

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Ohio University

(a component unit of the State of Ohio)

Financial Statements

June 30, 2023 and 2022

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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 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, 2023 and 2022, 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 discretely presented component unit of the University, as of June 30, 2023 and 2022 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 Notes 8 and 20 to the financial statements, the University has adopted Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of July 1, 2021. 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 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 16, 2023 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 16, 2023

Management's Discussion and Analysis

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, 2023, with selected comparative information for the years ended June 30, 2022 and 2021. 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 University's operating revenues continue to increase in fiscal year 2023, decreases in state appropriations, decreases in nonoperating revenue from the Higher Education Emergency Relief Fund (HEERF), as well as a small increase in expenditures, caused a \$8.9 million decrease in net position before investments and pension and other post-employment benefits (OPEB) adjustments. However, a large net investment income and a positive effect from the pension and OPEB adjustments, caused overall net position for the University to increase \$69.3 million during fiscal year 2023.

Changes in net position represent the University's results for the year and are summarized for the 3 years ended June 30, 2023 as follows:

(in thousands)	2023	2022	2021
Operating revenues	\$472,259	\$450,394	\$398,526
State appropriations	185,837	187,261	186,805
Other nonoperating revenues, excluding investments	60,973	116,096	121,367
Total expenses, excluding pension and OPEB adjustments	<u>(727,919)</u>	<u>(726,802)</u>	<u>(688,065)</u>
Increase (decrease) in net position, excluding investments and pension and OPEB adjustments	(8,850)	26,949	18,633
Net investment income (loss)	<u>59,515</u>	<u>(67,186)</u>	<u>134,518</u>
Increase (decrease) in net position, excluding pension and OPEB adjustments	50,665	(40,237)	153,151
Pension and OPEB adjustments	<u>18,623</u>	<u>87,197</u>	<u>101,762</u>
Increase in net position	<u>\$ 69,288</u>	<u>\$ 46,960</u>	<u>\$254,913</u>

Management's Discussion and Analysis (Continued)

- Student tuition and fees revenue decreased \$1.2M in fiscal year 2023 driven by a decline in graduate program enrollment, partially offset by an increase in undergraduate student tuition and fees due to an increase in freshman enrollments. The decrease in student tuition and fees combined with an \$0.8M increase in scholarships resulted in a total decrease in net student tuition and fees revenue of \$2.0 million for fiscal year 2023.
- Auxiliary revenues increased \$20.6 million in fiscal year 2023 driven by increased freshman enrollments and improved student retention, contributing to a \$10.3 million increase in housing and residential life revenue and an \$8.6 million increase in culinary services revenue. These increases are offset by an increase of \$4.6 million in auxiliary scholarships resulting in a total increase in net auxiliary enterprises revenue of \$16.0 million.
- HEERF was approved by Congress as part of the March 2020 Coronavirus Aid, Relief and Economic Security (CARES) Act from the U.S. 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 years 2022 and 2021, the University recognized \$53.6 million and \$41.3 million, respectively, of federal HEERF funds as nonoperating revenue. As required by HEERF I and III, half of the funds were 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. There was no HEERF funds revenue recognized during fiscal year 2023 causing large decreases in nonoperating revenue. The corresponding student aid expense, and some functional operating expense categories also decreased significantly in fiscal year 2023.
- Investment income increased \$126.7 million from fiscal year 2022 to 2023. 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 9.7% for fiscal year 2023, outperforming its diversified benchmark of 9.4% 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 3.1% for fiscal year 2023, outperforming its benchmark of 1.9% for the same period. The Tier III working capital investments returned 1.8%, outperforming its benchmark of -4% for the same period.
- The Governmental Accounting Standards Board (GASB) required the implementation of Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) during fiscal year 2023, retroactively to fiscal year 2022. Under this standard the University is required to recognize a right-to-use subscription asset, a subscription liability, prepaid expense for certain implementation costs before the subscription term starts, accrued interest payable, interest expense, and amortization

Management's Discussion and Analysis (Continued)

expense for software subscription contracts that meet certain criteria. The net effect of implementation during fiscal year 2022 did not have a material impact on results of operations.

- The net pension and OPEB liabilities/asset will change each year based on the University's proportionate share of the net pension and OPEB liability or asset of the total 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 \$18.6 million. The impact for fiscal year 2022 was an increase to net position of \$87.2 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 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, 2023:

(in thousands)	2023	2022	2021
Assets:			
Current assets	\$ 574,436	\$ 529,377	\$ 523,589
Capital & Right-to-use assets, net	1,163,164	1,162,621	1,160,164
Other assets	434,316	450,502	514,428
Total assets	2,171,916	2,142,500	2,198,181
Deferred outflows of resources	136,810	65,458	62,071
Liabilities:			
Current liabilities	138,781	120,529	132,714
Noncurrent liabilities	1,037,334	836,485	1,011,025
Total liabilities	1,176,115	957,014	1,143,739
Deferred inflows of resources	83,310	270,932	183,460
Total net position	\$ 1,049,301	\$ 980,012	\$ 933,053

- **Assets** - Total assets increased by \$29.4 million as a result of the following changes:
 - Cash and cash equivalents increased \$17.6 million due primarily to higher room and board revenue from an increase in freshman student enrollment, as well as our ability to earn interest on short term cash and cash equivalents.

Management's Discussion and Analysis (Continued)

- Current investments increased by \$19.2 million due to positive investment returns earned on short-term, intermediate-term and long-term working capital investments.
- Accounts receivable increased \$5.4 million primarily due to an increase of \$4.0 million in direct lending loans receivable and a \$1.9M increase in receivables for student tuition and fees.
- Lease receivable, current and noncurrent increased net \$1.8 million as the increase for new lease contracts was more than the decrease for principal payments received on existing lease contracts. The corresponding deferred inflows of resources related to leases will also increase as this lease receivable and accrued interest receivable increase.
- Restricted cash and cash equivalents decreased \$13.4 million due to continued spending of prior year bond funds.
- Noncurrent investments increased by \$4.4 million due to positive investment returns offset by \$18.0 million in spending of the century bond funds on construction projects.
- Endowment investments increased by \$13.0 million due to investment gains totaling \$13.6 million and \$4.6 million of transfers into quasi-endowments, which was offset by \$5.2 million of distributions for spending.
- Net OPEB assets decreased \$20.8 million. Although the University is required to record the net OPEB assets, the University does not have a claim on these assets.
- Net right-to-use lease assets decreased by \$2.4 million as older leases were amortized and no new leases were added. The corresponding lease liability and accrued interest payable also decreased.
- Net capital assets increased by \$4.5 million due to spending on capital projects, machinery, and equipment, offset by depreciation and retirements.
- **Deferred Outflows of Resources** – Increased \$71.4 million as a result of the following changes:
 - Deferred outflows related to pensions increased \$58.0 million and deferred outflows related to OPEB increased \$13.4 million. There are multiple factors affecting these changes, please see Note 11 for detailed information.
- **Liabilities** - Total liabilities increased by \$219.1 million as a result of the following changes:
 - Net pension liability increased \$216.3 million and net OPEB liability increased \$4.6 million. Although the University is required to record the net pension and OPEB liabilities/assets, the University is not setting aside reserve cash balances or budgeting to fund this liability.
 - Accounts payable and accrued liabilities increased \$6.3 million, with increases of \$5.9 million in vendor payables and \$2.9 million in accrued payroll, offset by decreases of \$1.2 million in other accrued liabilities and \$1.1 million in the current portion of accrued compensated absences.
 - Unearned revenue increased \$11.8 million driven by \$4.8 million in capital grant revenue deferred in fiscal year 2023 to be recognized as revenue in fiscal year 2024 when the capital spending is scheduled to occur and a \$2.9 million increase in deferred student tuition and fees summer revenue due to a later start for summer semester 2023 as compared to summer semester 2022.

Management's Discussion and Analysis (Continued)

- Other noncurrent liabilities decreased \$4.4 million due to a \$3.9 million decrease in scheduled payments from the voluntary separation and retirement program (VSRP).
- Lease liability, current and noncurrent, decreased net \$2.6 million as we paid down existing lease contracts and no new leases were added. The corresponding right-to-use lease asset will also decrease as this lease liability and accrued interest payable decrease.
- Long-term debt decreased \$13.5 million. This decrease is due primarily to principal payments on existing bonds. Please see Note 7 for more information on repayments of debt.
- **Deferred Inflows of Resources - Decreased \$187.6 million as a result of the following changes:**
 - Deferred inflows related to pensions decreased \$159.5 million and deferred inflows related to OPEB decreased \$29.4 million. There are multiple factors affecting these changes, please see Note 11 for detailed information.
 - Deferred inflows related to leases increased \$1.4 million. This increases as the lease receivable and accrued interest receivable increase.
- **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.

Management's Discussion and Analysis (Continued)

Net position for the three years ended June 30, 2023 is as follows:

(in thousands)	2023	2022	2021
Net Investment in capital assets	\$ 650,500	\$ 658,269	\$ 678,669
Restricted:			
Nonexpendable	23,569	23,214	23,671
Expendable OPEB	10,598	-	-
Expendable - all other	34,764	33,149	37,960
Total Restricted	68,931	56,363	61,631
Unrestricted:			
Pension & OPEB	(298,174)	(306,200)	(393,397)
Unrestricted - all other	628,044	571,580	586,150
Total Unrestricted	329,870	265,380	192,753
Total net position	<u>\$ 1,049,301</u>	<u>\$ 980,012</u>	<u>\$ 933,053</u>

Total net position increased \$69.3 million in fiscal year 2023. Backing out the increase of \$18.6 million for the current year impact of the pension and OPEB adjustments, this leaves an increase of \$50.7 million for fiscal year 2023 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 flow liquidity, 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 for public institutions will generally reflect a loss because state appropriations are reflected in nonoperating revenue.

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 and equipment, which are reported as nonoperating expenses.

Management's Discussion and Analysis (Continued)

The following is a summary of the statement of revenues, expenses, and changes in net position for the three years ended June 30, 2023:

(in thousands)	2023	2022	2021
Net position - Beginning of year	\$ 980,012	\$ 933,053	\$ 678,140
Operating revenues	472,260	450,394	398,526
Operating expenses	676,161	606,980	556,997
Operating loss	(203,901)	(156,586)	(158,471)
Net nonoperating revenue	245,506	175,157	392,694
Income before other revenue	41,605	18,571	234,223
Other revenue	27,684	28,388	20,690
Increase in net position	69,289	46,959	254,913
Net position - End of year	<u>\$1,049,301</u>	<u>\$ 980,012</u>	<u>\$ 933,053</u>

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

- Operating revenues increased \$21.9 million for fiscal year 2023.
 - Net student tuition and fees revenue decreased \$2.0 million and is comprised of a \$1.2 million decrease in student tuition and fees combined with a \$0.8 million increase in scholarships. The revenue decrease was driven primarily by enrollment declines in graduate programs.
 - Net auxiliary enterprises revenue increased \$16.0 million. The increase is comprised of a \$20.6 million increase in revenue partially offset by a \$4.6 million increase in auxiliary scholarships. The increases are driven by increased enrollments. Housing and residential life revenue increased \$10.3 million and culinary services revenue increased \$8.6 million.
 - Grants and contracts included in the operating revenue category increased \$2.1 million for fiscal year 2023 and is comprised of a \$4.5 million increase in federal grants, a \$2.3 million increase in state grants, and a \$4.7 million decrease in private grants. These changes are primarily due to a greater volume of grant awards and the timing of grant revenue recognition.
 - Sales and services revenue increased \$4.5 million, which includes increases of \$2.8 million in mineral rights proceeds, \$0.8M in professional services, and additional smaller increases for computer, software and accessory sales, ticket and event sales, and recreation, health, and wellness sales.
- Operating expenses increased \$69.2 million for fiscal year 2023.
 - The pension and OPEB adjustments accounted for \$68.6 of this increase.
 - The voluntary separation or retirement program (VSRP) offered in fiscal year 2022 had associated costs of \$5.9 million, There were no additional VSRP costs in fiscal year 2023.
 - Auxiliary enterprises expense increases, for cost of goods sold, mainly related to food costs, supplies and services, utilities, and salaries and wages, totaled \$13.8 million for fiscal year 2023, due to increased freshman enrollments.

Management's Discussion and Analysis (Continued)

- Travel and entertainment costs increased \$5.3 million from fiscal year 2022 to 2023 due to the return to pre-COVID-19 levels of travel.
- Student aid expense, defined as amounts disbursed back to students, decreased \$24.7 million and includes a decrease of \$25.4 million of HEERF grant funds awarded as emergency aid to students offset by increases of University awards disbursed back to students.
- Net nonoperating revenues increased \$70.3 million for fiscal year 2023.
 - Net investment income increased \$126.7 million primarily due to positive investment returns.
 - During fiscal year 2022 the University received \$53.6 million in HEERF revenue. This funding was not received again during fiscal year 2023.
- Other revenue decreased \$0.7 million and is made up of an increase of \$2.4 million in State capital appropriations offset by a decrease of \$3.1 million in capital grants and gifts. The decrease is due to the timing of capital projects in the University's capital improvement plan.

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.

A comparison of operating and nonoperating revenue for the three years ended June 30, 2023 is as follows:

(in thousands)	2023	% of Total	2022	% of Total	2021	% of Total
Student tuition and fees, net	\$ 286,779	39.9%	\$ 288,791	38.4%	\$ 296,435	41.8%
State appropriations	185,837	25.8%	187,261	24.8%	186,805	26.4%
Auxiliary enterprises, net	95,727	13.3%	79,702	10.6%	26,889	3.8%
Gifts, grants, and contracts	70,598	9.8%	125,306	16.6%	128,406	18.2%
Pell grants	24,399	3.4%	25,184	3.3%	27,947	4.0%
State capital appropriations	21,262	3.0%	18,826	2.5%	15,406	2.2%
Sales and services	20,578	2.9%	16,088	2.1%	12,959	1.9%
Other sources	13,889	1.9%	12,594	1.7%	11,852	1.7%
Subtotal	719,069	100.0%	753,752	100.0%	706,699	100.0%
Investment income (loss), net	59,515		(67,186)		134,518	
Total revenue	<u>\$ 778,584</u>		<u>\$ 686,566</u>		<u>\$ 841,217</u>	

Operating and nonoperating revenue, before investment income, decreased \$34.7 million for fiscal year 2023. This decrease was mainly due to a \$53.6 million decrease in HEERF grants. This was partially offset by a \$16.0 million increase in net auxiliary revenue caused by increased freshman student enrollment. Net student tuition and fees revenue which had decreased \$7.6 million from fiscal year 2021 to 2022, decreased by only \$2.0 million from fiscal year 2022 to 2023.

Management's Discussion and Analysis (Continued)

A comparison of operating and nonoperating expenses for the three years ended June 30, 2023 is as follows:

(in thousands)	2023	% of Total	2022	% of Total	2021	% of Total
Instruction	\$ 216,337	29.7%	\$ 219,555	30.3%	\$ 219,897	31.9%
Auxiliary enterprises	77,640	10.7%	63,860	8.8%	47,478	6.9%
Academic support	67,482	9.3%	64,347	8.9%	59,963	8.7%
Depreciation and amortization	66,334	9.1%	65,698	9.0%	62,481	9.1%
Student services	60,753	8.3%	57,318	7.9%	55,021	8.0%
Institutional support	58,565	7.9%	52,307	7.1%	47,689	6.9%
Operation and maintenance of plant	54,441	7.5%	53,197	7.3%	44,558	6.5%
Research	43,536	6.0%	37,927	5.2%	36,268	5.3%
Public service	38,357	5.3%	43,962	6.0%	53,539	7.8%
Interest on debt	25,883	3.6%	26,274	3.6%	26,617	3.9%
Student aid	11,339	1.6%	36,007	5.0%	31,864	4.6%
Other nonoperating expense	7,252	1.0%	6,351	0.9%	2,691	0.4%
Subtotal	727,919	100.0%	726,803	100.0%	688,066	100.0%
Pension and OPEB revenue	(18,623)		(87,197)		(101,762)	
Total expense	\$ 709,296		\$ 639,606		\$ 586,304	

The instruction functional expense category decrease of \$3.2 million from fiscal year 2022 to 2023 was driven by the VSRP costs of \$5.9 million in fiscal year 2022, but \$0 in 2023. There were also VSRP costs of \$2.8 million in fiscal year 2021. Auxiliary expenditures increased \$13.8 million from fiscal year 2022 to 2023, driven by corresponding increases in auxiliary revenue as a result of increased freshman student enrollment. Public service decreased \$9.6 million from fiscal year 2021 to 2022 and decreased another \$5.6 million from fiscal year 2022 to 2023, due to the decline in Covid-19 related expenditures during this time period.

Student aid is listed as an operating expenditure and is defined as the funds a student receives for financial aid in excess of tuition and fees for a given term. For fiscal years 2023, 2022, and 2021, this includes \$0, \$25.6 million, \$15.2 million, respectively, in emergency aid to students from the HEERF grant.

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.

Management's Discussion and Analysis (Continued)

A comparative summary of the statement of cash flows for the three years ended June 30, 2023 is as follows:

(in thousands)	2023	2022	2021
Cash (used in) provided by:			
Operating activities	\$ (151,830)	\$ (189,669)	\$ (210,709)
Noncapital financing activities	215,094	274,715	287,427
Capital financing activities	(81,577)	(74,191)	(97,989)
Investing activities	22,455	8,040	4,222
Net increase (decrease) in cash	4,142	18,895	(17,049)
Cash - Beginning of year	183,414	164,519	181,568
Cash - End of year	<u>\$ 187,556</u>	<u>\$ 183,414</u>	<u>\$ 164,519</u>

Capital Assets

The University made significant additions to capital assets during fiscal year 2023. These capital asset additions were financed with University funds, bond funds, state capital appropriations, gifts, and grants. The largest additions to capital assets during the fiscal year were the final construction costs for the Russ Research Opportunity Center, and the New Chemistry building. There were also major ongoing renovation efforts to Clippinger Laboratories.

Additions to construction in progress during fiscal year 2023 include \$14.1 million for renovations to the west side of Clippinger Laboratories and \$5.7 million for Gamertsfelder Hall renovations. Cumulative costs associated with capital projects continuing after the fiscal year ended June 30, 2023 total \$48.3 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, 2023, the University had \$613.6 million in bonds and notes outstanding, compared to \$627.1 million at the end of 2022. The decrease is due to the annual principal payments. Detailed information exists in Note 7 related to borrowings and retirements for fiscal years 2023 and 2022. 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 a negative 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.

Management's Discussion and Analysis (Continued)

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 = Expendable Net Position/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 = Expendable Net Position/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 = Change in Total Net Position/Total Revenue
 - 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

Management's Discussion and Analysis (Continued)

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:

	2023		2022		2021	
	Ratio	Score	Ratio	Score	Ratio	Score
Viability Ratio	1.097	4	0.964	3	0.975	3
Primary Reserve Ratio	0.934	5	0.839	5	0.911	5
Net Income Ratio	0.065	5	(0.059)	-	0.182	5
Viability Score (30%)		1.2		0.9		0.9
Primary Reserve Score (50%)		2.5		2.5		2.5
Net Income Score (20%)		1.0		-		1.0
Composite Score		<u>4.7</u>		<u>3.4</u>		<u>4.4</u>

The viability ratio, which uses expendable net position as the numerator and debt as the denominator, has increased due to an increase in expendable net position and a 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 increased during fiscal year 2023 due to an increase in expendable net position and almost no change 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 increased significantly during fiscal year 2023 due to large investment losses in fiscal year 2022, causing a negative total net position and a smaller total revenue in fiscal year 2022. The primary reserve score has not changed over the 3-year period presented. The viability score and the net income score have both increased this year, causing the composite score to increase from 3.4 in fiscal year 2022 up to 4.7 for fiscal year 2023.

Economic Outlook

The University is in a strong financial position. We have managed our financials in a conservative way that allows us to be proactive in meeting any financial challenges that may arise and to determine strategic investments needed to support the mission of the University. We are investing strategically in financial aid, student success and enrollment management. Our strong balance sheet and increased fiscal year 2024 freshman enrollments and student retention put the University in an excellent position to make strategic investments that will ensure a sustainable financial future for Ohio University.

Management's Discussion and Analysis (Continued)

The University is committed to expense reduction and creating efficiencies to support investments that focus on student success while balancing financial resources available in the University's competitive environment. The University strives to ensure 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, 2023		June 30, 2022	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	\$ 166,470,020	\$ 21,853,915	\$ 148,906,645	\$ 29,695,056
Investments	323,652,274	63,128,309	304,431,789	59,083,323
Accounts and contributions receivable, net	62,693,795	8,357,502	57,311,456	6,891,887
Lease receivable	1,496,283	-	1,404,046	-
Interest and dividends receivable	1,999,959	1,018,806	1,577,887	824,527
Notes receivable, net	895,836	-	952,715	-
Prepaid expenses	14,267,077	327,339	12,035,902	580,209
Inventories	2,961,088	126,707	2,756,185	147,155
Total current assets	<u>574,436,332</u>	<u>94,812,578</u>	<u>529,376,625</u>	<u>97,222,157</u>
Noncurrent Assets				
Restricted cash and cash equivalents	21,086,090	-	34,507,338	-
Contributions receivable, net	-	6,176,213	-	2,838,423
Bequests receivable	-	52,614,783	-	9,371,873
Cash surrender value of life insurance	-	1,129,282	-	1,165,466
Split-interest agreement assets	-	5,596,189	-	18,067,458
Investments - noncurrent	230,427,722	5,493,855	226,009,728	5,468,656
Endowment investments	138,505,771	553,315,187	125,481,428	500,570,739
Lease receivable - noncurrent	18,740,130	-	17,051,175	-
Notes receivable - noncurrent, net	7,328,936	-	8,422,435	-
Net OPEB asset	18,226,606	-	39,031,161	-
Assets held for sale	-	2,929,427	-	2,876,392
Right-to-use lease assets, net	13,411,228	-	15,848,678	-
Right-to-use subscription assets, net	4,350,500	-	5,889,869	-
Capital assets, net	<u>1,145,402,186</u>	<u>8,862,400</u>	<u>1,140,881,110</u>	<u>9,788,807</u>
Total noncurrent assets	<u>1,597,479,169</u>	<u>636,117,336</u>	<u>1,613,122,922</u>	<u>550,147,814</u>
Total assets	<u>2,171,915,501</u>	<u>730,929,914</u>	<u>2,142,499,547</u>	<u>647,369,971</u>
Deferred Outflows of Resources				
Deferred outflows related to pensions	121,512,653	-	63,511,863	-
Deferred outflows related to OPEB	15,022,637	-	1,595,758	-
Deferred outflows - other	<u>275,052</u>	<u>-</u>	<u>350,762</u>	<u>-</u>
Total deferred outflows of resources	<u>136,810,342</u>	<u>-</u>	<u>65,458,383</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,308,725,843</u>	<u>\$ 730,929,914</u>	<u>\$ 2,207,957,930</u>	<u>\$ 647,369,971</u>

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

Statements of Net Position (Continued)

	June 30, 2023		June 30, 2022	
	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	\$ 74,933,658	\$ 2,707,041	\$ 68,588,312	\$ 5,278,337
Unearned revenue	39,104,463	-	27,331,116	-
Deposits and other liabilities	5,865,033	4,429,326	4,850,184	6,049,414
Lease liability - current portion	2,456,492	-	2,493,370	-
Subscription liability - current portion	1,809,909	-	2,035,849	-
Long-term debt - current portion	13,416,451	45,970	13,952,655	47,117
Funds held on behalf of others	1,194,803	441,894	1,277,089	411,294
Total current liabilities	138,780,809	7,624,231	120,528,575	11,786,162
Noncurrent Liabilities				
Compensated absences	20,326,401	-	18,790,331	-
Other noncurrent liabilities	13,218,465	-	17,668,405	-
Lease liability	14,686,939	-	17,277,434	-
Subscription liability	1,876,396	-	2,904,457	-
Long-term debt	606,455,932	97,503	619,937,882	152,823
Net pension liability	376,172,714	-	159,906,116	-
Net OPEB liability	4,597,115	-	-	-
Total noncurrent liabilities	1,037,333,962	97,503	836,484,625	152,823
Total liabilities	1,176,114,771	7,721,734	957,013,200	11,938,985
Deferred Inflows of Resources				
Deferred inflows related to pensions	43,514,063	-	203,020,774	-
Deferred inflows related to OPEB	18,054,526	-	47,411,404	-
Deferred inflows related to leases	19,302,662	-	17,927,955	-
Deferred gain on bond refunding	2,439,089	-	2,572,234	-
Total deferred inflows of resources	83,310,340	-	270,932,367	-
Net Position				
Net investment in capital assets	650,500,117	11,791,827	658,269,137	9,788,807
Restricted:				
Nonexpendable:				
Endowments	23,569,288	277,989,062	23,213,669	267,782,904
Other	-	11,133,721	-	11,941,915
Expendable:				
Sponsored programs	6,250,392	-	6,987,396	-
Component unit funds	6,598,716	5,493,855	4,232,891	5,468,656
Capital projects	2,264,260	15,960,580	2,862,609	2,942,927
Loans	4,207,664	-	5,028,420	-
Endowments	15,442,265	149,745,381	14,037,987	136,327,483
OPEB asset	10,597,602	-	-	-
Other	-	117,736,445	-	80,533,482
Unrestricted	329,870,428	133,357,309	265,380,254	120,644,812
Total net position	1,049,300,732	723,208,180	980,012,363	635,430,986
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 2,308,725,843	\$ 730,929,914	\$ 2,207,957,930	\$ 647,369,971

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

Statements of Revenues, Expenses, and Changes in Net Position Years ended June 30, 2023 and 2022

	2023		2022	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
Operating Revenues				
Student tuition and fees	\$ 371,799,469	\$ -	\$ 372,985,688	\$ -
Less: Pell grants	(19,542,348)	-	(20,971,674)	-
Less: Other scholarships	(65,478,481)	-	(63,223,040)	-
Net Student tuition and fees	<u>286,778,640</u>	<u>-</u>	<u>288,790,974</u>	<u>-</u>
Auxiliary enterprises	114,636,864	-	94,059,434	-
Less: Pell grants-room and board	(2,946,292)	-	(2,275,078)	-
Less: Other scholarships-room and board	(15,963,462)	-	(12,081,884)	-
Net Auxiliary enterprises	<u>95,727,110</u>	<u>-</u>	<u>79,702,472</u>	<u>-</u>
Federal grants and contracts	40,751,458	-	36,298,486	-
State and other grants and contracts	8,111,124	-	5,771,700	-
Private grants and contracts	6,430,391	-	11,155,414	-
Sales and services	20,577,593	-	16,087,521	-
Other sources	<u>13,883,086</u>	<u>7,500,707</u>	<u>12,587,288</u>	<u>6,486,873</u>
Total other operating revenues	<u>89,753,652</u>	<u>7,500,707</u>	<u>81,900,409</u>	<u>6,486,873</u>
Total operating revenues	<u>472,259,402</u>	<u>7,500,707</u>	<u>450,393,855</u>	<u>6,486,873</u>
Operating Expenses				
Educational and general:				
Instruction	216,336,564	8,446,391	219,554,933	12,027,643
Research	43,535,797	6,316,651	37,927,009	5,144,579
Public service	38,356,722	2,271,566	43,961,645	957,079
Academic support	67,481,529	2,136,890	64,346,772	5,903,899
Student services	60,753,242	1,742,171	57,317,515	1,303,610
Institutional support	58,565,405	16,859,765	52,307,396	15,133,490
Operation and maintenance of plant	54,441,241	-	53,197,243	-
Student aid (including Pell grants of \$1,909,873 in 2023 and \$1,936,854 in 2022 for Ohio University)	11,338,740	10,312,411	36,006,561	9,380,420
Depreciation and amortization	66,334,442	893,581	65,697,690	1,157,041
Auxiliary enterprises	77,640,102	-	63,859,542	-
Pension and OPEB revenue	(18,622,990)	-	(87,197,089)	-
Operating expenses - related entities	<u>-</u>	<u>5,912,761</u>	<u>-</u>	<u>5,802,556</u>
Total operating expenses	<u>676,160,794</u>	<u>54,892,187</u>	<u>606,979,217</u>	<u>56,810,317</u>
Operating Loss	<u>\$ (203,901,392)</u>	<u>\$ (47,391,480)</u>	<u>\$ (156,585,362)</u>	<u>\$ (50,323,444)</u>

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, 2023 and 2022

	2023		2022	
	Ohio University	The Ohio University Foundation	Ohio University	The Ohio University Foundation
Nonoperating Revenues (Expenses)				
State appropriations	\$ 185,836,542	\$ -	\$ 187,260,792	\$ -
Higher Education Emergency Relief Fund (HEERF)	-	-	53,599,755	-
Federal grants - Pell	24,398,513	-	25,183,606	-
Federal grants nonexchange	2,773,739	-	3,237,332	-
State and other grants nonexchange	6,116,660	-	5,687,261	-
Private gifts	-	62,941,691	-	27,154,289
University support	-	3,075,097	-	3,263,158
Investment income (loss), net	59,514,826	59,687,767	(67,185,526)	(76,492,392)
Interest on debt	(25,883,025)	-	(26,274,013)	-
Other nonoperating expense	(7,251,503)	-	(6,351,934)	-
Net nonoperating revenues (expenses)	<u>245,505,752</u>	<u>125,704,555</u>	<u>175,157,273</u>	<u>(46,074,945)</u>
Income (Loss) Before Other Revenue	<u>41,604,360</u>	<u>78,313,075</u>	<u>18,571,911</u>	<u>(96,398,389)</u>
Other Revenue				
State capital appropriations	21,262,346	-	18,825,753	-
Capital grants and gifts	6,415,823	-	9,555,659	-
Additions to permanent endowments	<u>5,840</u>	<u>9,464,119</u>	<u>6,420</u>	<u>13,888,864</u>
Total other revenue	<u>27,684,009</u>	<u>9,464,119</u>	<u>28,387,832</u>	<u>13,888,864</u>
Increase (Decrease) in Net Position	<u>69,288,369</u>	<u>87,777,194</u>	<u>46,959,743</u>	<u>(82,509,525)</u>
Net Position				
Beginning of year	<u>980,012,363</u>	<u>635,430,986</u>	<u>933,052,620</u>	<u>717,940,511</u>
End of year	<u>\$ 1,049,300,732</u>	<u>\$ 723,208,180</u>	<u>\$ 980,012,363</u>	<u>\$ 635,430,986</u>

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

Statements of Cash Flows Years ended June 30, 2023 and 2022

	Ohio University	
	2023	2022
Cash Flows From Operating Activities		
Student tuition and fees	\$ 289,663,756	\$ 287,384,357
Grants and contracts	62,706,002	63,962,158
Payments to suppliers	(149,744,632)	(150,579,543)
Payments to or on behalf of employees	(446,274,695)	(438,402,687)
Payments for scholarships and fellowships	(38,465,796)	(57,096,006)
Loans issued to students	(350,754)	(1,130,805)
Collection of loans from students	1,429,729	1,702,196
Auxiliary enterprise sales	97,047,192	79,754,854
Sales and services	18,762,869	12,569,217
Other receipts	13,396,884	12,166,373
Net cash used in operating activities	(151,829,445)	(189,669,886)
Cash Flows From Noncapital Financing Activities		
State appropriations	185,836,542	187,260,792
Gifts and grants for other than capital purposes	33,294,752	87,714,374
Federal direct student loan program receipts	167,114,654	171,561,938
Federal direct student loan program disbursements	(171,069,615)	(171,793,741)
Student organization agency transactions	(82,286)	(27,998)
Net cash provided by noncapital financing activities	215,094,047	274,715,365
Cash Flows From Capital Financing Activities		
State capital appropriations	19,517,382	15,219,471
Capital grants and gifts received	5,083,947	5,689,985
Purchases of capital assets	(65,387,878)	(54,441,579)
Proceeds from sale of capital assets	2,699,388	2,336,456
Principal and interest paid on leases	(2,804,157)	(2,789,874)
Principal and interest received on leases	1,942,911	1,805,239
Principal & Interest paid on subscription-based information technology arrangements	(2,979,632)	(2,389,827)
Principal paid on capital debt and financed purchases	(13,506,838)	(13,051,566)
Interest paid on capital debt and financed purchases	(26,142,203)	(26,569,218)
Net cash used in capital financing activities	(81,577,080)	(74,190,913)
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	93,694,417	133,670,902
Investment income	16,441,304	8,486,875
Purchase of investments	(87,681,116)	(134,117,535)
Net cash provided by investing activities	22,454,605	8,040,242
Net Increase In Cash And Cash Equivalents	4,142,127	18,894,808
Cash And Cash Equivalents - Beginning of year	183,413,983	164,519,175
Cash And Cash Equivalents - End of year	<u>\$ 187,556,110</u>	<u>\$ 183,413,983</u>
Supplemental Disclosure of Noncash Activities -		
Construction in progress in accounts payable	\$ 20,748,084	\$ 16,582,637

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

Statements of Cash Flows (Continued) Years ended June 30, 2023 and 2022

	Ohio University	
	2023	2022
Reconciliation of Operating Loss to Net		
Cash Used In Operating Activities:		
Operating loss	\$ (203,901,392)	\$ (156,585,362)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	66,334,442	65,697,690
Changes in operating assets and liabilities and deferred outflows of resources and deferred inflows of resources which (used) provided cash:		
Accounts receivable - net	(7,208,851)	2,784,158
Notes receivable - net	1,150,378	1,862,096
Prepaid expenses	(1,791,000)	(1,241,781)
Inventories	(204,902)	(476,684)
Net OPEB asset	20,804,555	(10,284,559)
Deferred outflows of resources related to pensions	(58,000,790)	(13,871,503)
Deferred outflows of resources related to OPEB	(13,426,879)	10,408,440
Accounts payable and accrued liabilities	(373,327)	(5,677,458)
Unearned revenue	11,773,347	(9,657,641)
Deposits and other liabilities	1,014,850	822,185
Net pension liability	216,266,598	(162,274,880)
Net OPEB liability	4,597,115	-
Deferred inflows of resources related to pensions	(159,506,711)	114,093,651
Deferred inflows of resources related to OPEB	(29,356,878)	(25,268,238)
Net Cash Used In Operating Activities	\$ (151,829,445)	\$ (189,669,886)

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 Annual Comprehensive 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. See Note 21 for additional disclosures regarding the Foundation.

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June 30, 2023 and 2022

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.

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 120 school districts, institutions of higher learning, and other educational agencies in the 32-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.

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 year 2022. 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.

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 \$57,050,941 and \$35,106,112 at June 30, 2023 and 2022, 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, 2023 and 2022.

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 \$106.5 million and \$118.1 million of unspent Series 2014 bond proceeds as

of June 30, 2023 and 2022, 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 market 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 \$18.0 million and \$30.3 million for Bond Series 2020, \$5,300 and \$900 for Bond Series 2017A, and \$0.5 million and \$2.8 million for Bond Series 2012A & B, as of June 30, 2023 and 2022, respectively. In addition, it includes funds held in escrow based on terms and conditions of various agreements.

Net Other Post-Employment Benefits (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 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. 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-to-Use Lease Assets – Right-to-use lease 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-to-use lease 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-to-use lease asset classes:

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

Right-to-Use Subscription Assets - A Subscription-Based Information Technology Arrangement (SBITA) is a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Right-to-use subscription assets are amortized over the subscription term. The University's capitalization level for right-to-use subscription assets is \$100,000.

Capital Assets - Purchased or constructed capital assets are recorded at cost. Donated capital assets are recorded at their fair 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 liability/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.

Subscription Liability - The University recognizes the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Subsequently, the lease liability is reduced by the principal portion of subscription 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.

Net OPEB Liability - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPERS Pension Plan and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. OPERS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, OPERS recognizes benefit payments 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.

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

- 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 \$103,930,583 (of which \$85,020,829 is netted against student tuition and fees and \$18,909,754 is netted against auxiliary enterprises revenue) and \$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) as of June 30, 2023 and 2022, respectively.

Auxiliary Enterprises - Auxiliary revenue is from residence halls, culinary services, intercollegiate athletics, 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 fiscal year 2022 the University adopted 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 net effect for implementation during fiscal year 2021 was an increase to net position of \$0.1 million.

- 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. 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.
- 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 requirements of the standard will be applied retrospectively and are effective for the University's financial statements for the year ending June 30, 2023. The adoption did not have a significant impact on the University's financial statements.

- 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 requirements of this statement are effective for the University's financial statements for the year ending June 30, 2023. The adoption did not have a significant impact on the University's financial statements.
- 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 requirements of this statement are effective for the University's financial statements for the year ending June 30, 2023. The net effect for implementation during fiscal year 2022 was a decrease to net position of \$19,949. See Note 20 for more information.

Recently Issued Accounting Pronouncements

- 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. The adoption is not expected to have a significant impact on the University's financial statements.
- 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. The University is currently evaluating the impact of this standard.

- 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. The University is currently evaluating the impact of this standard.

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

As of June 30, 2023, the carrying amount of the University's cash and cash equivalents for all funds was \$187,556,110 compared to bank balances of \$190,371,366. 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. The difference in carrying amounts and bank balances is caused by outstanding checks and deposits-in-transit. At June 30, 2023, of the bank balances, \$1,315,712 is covered by the Federal Deposit Insurance Corporation (FDIC), \$186,691,337 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks, the remaining \$2,364,317 is not collateralized or insured leaving it exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the University may not be able to recover its deposits or collateral securities.

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

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- 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.

The values of investments as of June 30, 2023 and 2022 are as follows:

Investment Type	2023	2022
Money market mutual funds	\$ 18,268,133	\$ 12,003,675
U.S. government obligations	19,165,495	14,166,120
Mortgage-backed securities	19,750,681	12,368,509
Asset-backed securities	21,917,976	28,891,027
Corporate bonds and notes	50,583,971	53,977,999
Bond mutual funds	102,851,374	127,531,802
Convertible notes	508,600	300,000
U.S. common and preferred stock	11,474,013	10,648,667
U.S. equity mutual funds	164,676,063	152,703,596
U.S. equity commingled funds	24,638,517	20,673,252
International equity mutual funds	117,229,421	105,462,347
Hedge funds	30,391,667	25,874,877
Public real asset funds	22,935,172	23,683,051
Direct private equity investments	2,614,490	1,401,960
Private capital funds	85,580,194	66,236,063
Total	<u>\$ 692,585,767</u>	<u>\$ 655,922,945</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

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June 30, 2023 and 2022

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, 2023, 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	\$ 18,268,133	\$ 11,298,312	\$ 6,969,821	\$ -	\$ -
U.S. government obligations	19,165,495	318,488	15,754,069	-	3,092,938
Mortgage-backed securities	19,750,681	3,966,429	2,275,274	-	13,508,978
Asset-backed securities	21,917,976	371,518	19,529,702	2,016,756	-
Corporate bonds and notes	50,583,971	19,511,341	29,819,932	225,637	1,027,061
Bond mutual funds	102,851,374	-	46,557,514	49,844,464	6,449,396
Convertible notes	508,600	508,600	-	-	-
Total	<u>\$ 233,046,230</u>	<u>\$ 35,974,688</u>	<u>\$ 120,906,312</u>	<u>\$ 52,086,857</u>	<u>\$ 24,078,373</u>

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	\$ -	\$ -	\$ -
U.S. 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
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>

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 &

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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, 2023 are as follows:

	Market Value	Credit Quality (S&P)						Unrated
		AAA	AA	A	BBB	BB	B	
Money market mutual funds	\$ 18,268,133	\$ -	\$ -	\$ -	\$ -	\$ 6,969,821	\$ -	\$11,298,312
U.S. government obligations	19,165,495	19,165,495	-	-	-	-	-	-
Mortgage-backed securities	19,750,681	17,770,581	-	-	-	-	-	1,980,100
Asset-backed securities	21,917,976	15,408,443	1,509,197	1,785,474	-	-	661,341	2,553,521
Corporate bonds and notes	50,583,971	780,721	111,765	26,965,312	21,771,925	-	-	954,248
Bond mutual funds	102,851,374	-	81,293,341	13,039,072	-	-	8,518,961	-
Convertible notes	508,600	-	-	-	-	-	-	508,600
Total	<u>\$233,046,230</u>	<u>\$53,125,240</u>	<u>\$82,914,303</u>	<u>\$ 41,789,858</u>	<u>\$21,771,925</u>	<u>\$ 6,969,821</u>	<u>\$9,180,302</u>	<u>\$17,294,781</u>

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
U.S. 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	-
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>

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, 2023 and 2022, the University had no custodial credit risk related to investment balances.

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, 2023 and 2022, 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 \$117.2 million and \$105.5 million as of June 30, 2023 and 2022, 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

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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.

The University has the following recurring fair value measurements as of June 30, 2023 and 2022:

		Fair Value at Reporting Date Using		
	Balance at June 30, 2023	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	\$ 19,165,495	\$ 19,165,495	\$ -	\$ -
Mortgage-backed securities	19,750,681	-	19,750,681	-
Asset-backed securities	21,917,976	-	21,917,976	-
Corporate bonds and notes	50,583,971	-	50,583,971	-
Bond mutual funds	102,851,374	102,851,374	-	-
Subtotal fixed-income investments	214,269,497	122,016,869	92,252,628	-
Public equity investments:				
U.S. common and preferred stock	11,474,013	11,474,013	-	-
U.S. equity mutual funds	164,676,063	164,676,063	-	-
International equity mutual funds	72,185,612	72,185,612	-	-
Subtotal public equity investments	248,335,688	248,335,688	-	-
Alternative investments:				
Notes and convertible notes	508,600	-	-	508,600
Public real assets funds	22,935,172	22,935,172	-	-
Direct private equity investments	2,614,490	-	-	2,614,490
Subtotal alternative investments	26,058,262	22,935,172	-	3,123,090
Total investments by fair value level	\$ 488,663,447	\$ 393,287,729	\$ 92,252,628	\$ 3,123,090
<u>Investments measured at net asset value (NAV)</u>				
U.S. equity commingled funds	24,638,517			
International equity mutual funds	45,043,809			
Hedge funds	30,391,667			
Private capital funds	85,580,194			
Subtotal investments measured at NAV	185,654,187			
Total investments measured at fair value	\$ 674,317,634			

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

		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>				
U.S. 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			

As of June 30, 2023 and 2022, the University invested in money market funds in the amounts of \$18,268,133 and \$12,003,673, 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, 2023 and 2022 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, 2023 and 2022 was determined primarily based on Level 3 inputs. The Organization estimates the fair value of these investments using the University's own estimates using

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

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, 2023	June 30, 2022	June 30, 2023		
	Fair Value	Fair Value	Unfunded Commitment	Redemption Frequency, if Eligible	Redemption Notice Period
Fixed-income investments:					
U.S. equity commingled funds (1)	\$ 24,638,517	\$ 20,673,252	\$ -	Monthly	10 days
International equity mutual funds (2)	45,043,809	40,257,552	-	Monthly	1-30 days
Hedge funds (3)	30,391,667	25,874,877	4,569,904	Quarterly or Annually	45-90 days
Private capital funds (4)	85,580,194	66,236,063	76,822,370	None	None
Total	<u>\$ 185,654,187</u>	<u>\$ 153,041,744</u>	<u>\$ 81,392,274</u>		

- (1) U.S. 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

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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, 2023 and 2022 is summarized as follows:

	2023	2022
Student tuition and fees	\$ 44,674,595	\$ 42,768,494
Grants and contracts	14,642,279	13,314,929
Direct Lending Loans	5,883,210	1,928,249
Other	15,259,486	17,271,081
Total accounts receivable	80,459,570	75,282,753
Less allowance for doubtful accounts	(17,765,775)	(17,971,297)
Accounts receivable, net	<u>\$ 62,693,795</u>	<u>\$ 57,311,456</u>

Note 4 - Notes Receivable

The University's notes receivable at June 30, 2023 and 2022 is net of allowance for doubtful accounts of \$897,776 and \$1,236,621, 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 \$171,069,615 and \$171,793,741 for student loans through the U.S. Department of Education Federal Direct Lending program during the years ended June 30, 2023 and

Notes to Financial Statements (Continued)**June 30, 2023 and 2022**

2022, respectively. These distributions and the related funding sources are included as cash disbursements and cash receipts in the accompanying Statement of Cash Flows.

The composition of notes receivable at June 30, 2023 and 2022 is as follows:

	2023	2022
Student loan program	\$ 8,577,405	\$ 10,050,390
Heritage College of Osteopathic Medicine former students	545,143	561,381
Total notes receivable	9,122,548	10,611,771
Less allowance for doubtful accounts	(897,776)	(1,236,621)
Notes receivable, net	8,224,772	9,375,150
Less current portion	(895,836)	(952,715)
Notes receivable - noncurrent, net	<u>\$ 7,328,936</u>	<u>\$ 8,422,435</u>

The composition of the allowance for doubtful accounts on notes receivable at June 30, 2023 and 2022 is as follows:

	2023	2022
Student loan program	\$ (433,693)	\$ (772,538)
Heritage College of Osteopathic Medicine former students	(464,083)	(464,083)
Total allowance for doubtful accounts	<u>\$ (897,776)</u>	<u>\$ (1,236,621)</u>

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

Note 5 - Capital Assets and Right-to-Use Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Transfers	Retirements	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 29,917,471	\$ -	\$ -	\$ (428,512)	\$ 29,488,959
Land improvements	4,701,091	-	-	-	4,701,091
Construction in progress	66,848,576	59,645,247	(77,827,680)	(355,376)	48,310,767
Works of art and historical treasures	22,658,675	26,600	-	-	22,685,275
Total capital assets not being depreciated	124,125,813	59,671,847	(77,827,680)	(783,888)	105,186,092
Capital assets being depreciated:					
Infrastructure	230,855,692	1,770,085	3,191,237	-	235,817,014
Buildings	1,474,580,701	676,904	74,636,443	(6,348,850)	1,543,545,198
Machinery and equipment	172,869,211	6,772,400	-	(3,284,065)	176,357,546
Library books and publications	77,002,028	471,499	-	(113,457)	77,360,070
Total capital assets being depreciated	1,955,307,632	9,690,888	77,827,680	(9,746,372)	2,033,079,828
Total capital assets	2,079,433,445	69,362,735	-	(10,530,260)	2,138,265,920
Less accumulated depreciation:					
Infrastructure	116,830,801	9,490,843	-	-	126,321,644
Buildings	613,046,834	42,601,946	-	(3,724,364)	651,924,416
Machinery and equipment	135,864,809	8,522,687	(866,774)	(3,138,130)	140,382,592
Library books and publications	72,809,891	671,874	866,774	(113,457)	74,235,082
Total accumulated depreciation	938,552,335	61,287,350	-	(6,975,951)	992,863,734
Total capital assets being depreciated, net	1,016,755,297	(51,596,462)	77,827,680	(2,770,421)	1,040,216,094
Capital assets, net	\$1,140,881,110	\$ 8,075,385	\$ -	\$(3,554,309)	\$1,145,402,186

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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	\$ 1,142,010,508	\$ 4,526,210	\$ -	\$ (5,655,608)	\$ 1,140,881,110

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

Right-to-use lease asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
Right-to-use lease assets:				
Land	\$ 319,262	\$ -	\$ (865)	\$ 318,397
Buildings	19,629,002	-	(127)	19,628,875
Machinery and equipment	510,679	-	(410,293)	100,386
Total right-to-use lease assets	<u>20,458,943</u>	<u>-</u>	<u>(411,285)</u>	<u>20,047,658</u>
Less accumulated amortization:				
Land	40,226	19,948	-	60,174
Buildings	4,318,616	2,159,194	-	6,477,810
Machinery and equipment	251,423	94,996	(247,973)	98,446
Total accumulated amortization	<u>4,610,265</u>	<u>2,274,138</u>	<u>(247,973)</u>	<u>6,636,430</u>
Right-to-use lease assets, net	<u>\$ 15,848,678</u>	<u>\$ (2,274,138)</u>	<u>\$ (163,312)</u>	<u>\$ 13,411,228</u>

Right-to-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-to-use lease assets:				
Land	\$ 319,262	\$ -	\$ -	\$ 319,262
Buildings	19,629,002	-	-	19,629,002
Machinery and equipment	510,679	-	-	510,679
Total right-to-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	-	40,226
Buildings	2,159,308	2,159,308	-	4,318,616
Machinery and equipment	125,712	125,711	-	251,423
Total accumulated amortization	<u>2,305,133</u>	<u>2,305,132</u>	<u>-</u>	<u>4,610,265</u>
Right-to-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, 2023 and 2022

Right-to-use subscription asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
Right-to-use subscriptions:				
Total right-to-use subscription assets	\$ 8,243,547	\$ 1,233,585	\$ -	\$ 9,477,132
Less accumulated amortization:				
Total accumulated amortization	2,353,678	2,772,954	-	5,126,632
Right-to-use subscription assets, net	<u>\$ 5,889,869</u>	<u>\$ (1,539,369)</u>	<u>\$ -</u>	<u>\$ 4,350,500</u>

Right-to-use subscription asset activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Right-to-use subscriptions:				
Total right-to-use subscription assets	\$ 6,678,185	\$ 1,565,362	\$ -	\$ 8,243,547
Less accumulated amortization:				
Total accumulated amortization	-	2,353,678	-	2,353,678
Right-to-use subscription assets, net	<u>\$ 6,678,185</u>	<u>\$ (788,316)</u>	<u>\$ -</u>	<u>\$ 5,889,869</u>

Note 6 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2023 and 2022 consisted of the following:

	2023	2022
Accrued payroll	\$ 15,578,471	\$ 12,646,214
Accrued self-insurance claims	6,029,497	6,244,841
Accrued compensated absences - current portion	2,577,731	3,657,974
Other accrued liabilities	5,317,941	6,481,647
Vendor and other payables	<u>45,430,018</u>	<u>39,557,636</u>
Total accounts payable and accrued liabilities	<u>\$ 74,933,658</u>	<u>\$ 68,588,312</u>

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

Note 7 - Long-term Debt

The University's long-term debt at June 30, 2023 is summarized as follows:

	July 1, 2022	Additions	Reductions	June 30, 2023	Current
Direct Borrowings and Direct Placements - Bonds:					
Ohio Air Quality Development Authority bonds - Series 2012A	\$ 3,544,241	\$ -	\$ 1,943,612	\$ 1,600,629	\$ 1,600,629
Ohio Air Quality Development Authority bonds - Series 2012B	8,500,000	-	-	8,500,000	377,774
Direct Borrowings and Direct Placements - Other:					
Series 2017B (line of credit)	65,500	-	65,500	-	-
Financed purchase obligations	85,458	-	22,726	62,732	24,232
General Receipts Bonds - Fixed Rate:					
General receipts bonds - Series 2020	218,640,000	-	5,795,000	212,845,000	7,990,000
General receipts bonds - Series 2017A	143,540,000	-	2,845,000	140,695,000	2,985,000
General receipts bonds - Series 2014	250,000,000	-	-	250,000,000	-
General receipts bonds - Series 2013	2,835,000	-	2,835,000	-	-
Unamortized bond premiums	<u>6,680,338</u>	<u>-</u>	<u>511,316</u>	<u>6,169,022</u>	<u>438,816</u>
Total long-term debt	<u>\$ 633,890,537</u>	<u>\$ -</u>	<u>\$ 14,018,154</u>	<u>\$ 619,872,383</u>	<u>\$ 13,416,451</u>

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	<u>7,264,240</u>	<u>-</u>	<u>583,902</u>	<u>6,680,338</u>	<u>511,317</u>
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>

On January 25, 2023, the University replaced its general receipts obligations Series 2017B (Line of Credit) with general receipts obligations Series 2023 (Line of Credit) (federally taxable). The maximum principal amount is not to exceed \$49,934,500, with final maturity date of January 25, 2026. Advances on the line of credit will be used to provide funds to finance the costs of capital facilities. No funds have been drawn on the Series 2023 obligations. Drawn funds would bear interest at a variable rate per annum equal to the Bank Index Rate, not to exceed the maximum rate allowed by Ohio law. The undrawn/unused fee is

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

0.125% annually. The Series 2017B amount advanced as of June 30, 2020, was \$65,500 and was used to pay issuance cost. The University has paid the outstanding principal and accrued interest, and the Series 2017B obligations are no longer outstanding.

On April 1, 2020, the University issued taxable 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 March 1, 2017, the University issued tax-exempt 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 taxable general receipts bonds 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 tax-exempt 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 tax-exempt 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.

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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.

Details of the series are as follows:

Series	Interest Rate	Maturity Fiscal Year	Initial Issue Amount	Outstanding at June 30, 2023
Direct Borrowings and Direct Placements - Bonds:				
2012A	1.79%	2024	\$ 20,140,370	\$ 1,600,629
2012B	3.70%	2028	8,500,000	8,500,000
General Receipts Bonds - Fixed Rate:				
2014	5.59%	2115	250,000,000	250,000,000
2017A	1.50%-5.00%	2048	156,150,000	140,695,000
2020	1.34%-3.02%	2051	222,575,000	212,845,000
				<u>\$ 613,640,629</u>

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

Principal and interest payment requirements for the bonded debt for the years subsequent to June 30, 2023 are summarized as follows:

Years Ending June 30	Bonds		Direct Borrowings and Direct Placements		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	9,015,000	24,570,603	2,051,548	37,954	11,066,548	24,608,557
2029-2033	45,550,000	119,455,260	-	-	45,550,000	119,455,260
2034-2038	36,040,000	114,011,811	-	-	36,040,000	114,011,811
2039-2043	36,080,000	109,022,960	-	-	36,080,000	109,022,960
2044-2048	126,225,000	94,722,121	-	-	126,225,000	94,722,121
2049-2053	60,330,000	72,648,613	-	-	60,330,000	72,648,613
2054-2058	-	69,875,000	-	-	-	69,875,000
2059-2063	-	69,875,000	-	-	-	69,875,000
2064-2068	-	69,875,000	-	-	-	69,875,000
2069-2073	-	69,875,000	-	-	-	69,875,000
2074-2078	-	69,875,000	-	-	-	69,875,000
2079-2083	-	69,875,000	-	-	-	69,875,000
2084-2088	-	69,875,000	-	-	-	69,875,000
2089-2093	-	69,875,000	-	-	-	69,875,000
2094-2098	-	69,875,000	-	-	-	69,875,000
2099-2103	-	69,875,000	-	-	-	69,875,000
2104-2108	-	69,875,000	-	-	-	69,875,000
2109-2113	-	69,875,000	-	-	-	69,875,000
2114-2116	250,000,000	20,962,500	-	-	250,000,000	20,962,500
Total	<u>\$ 603,540,000</u>	<u>\$ 1,494,274,884</u>	<u>\$ 10,100,629</u>	<u>\$ 925,465</u>	<u>\$ 613,640,629</u>	<u>\$ 1,495,200,348</u>

Financed purchase obligations - The University has \$67,112 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, 2023 that are financed, have an acquisition cost of \$128,032 with accumulated depreciation of \$38,463 and a net book value of \$89,569.

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

The scheduled maturities of these financed purchase obligations at June 30, 2023 are as follows:

Years Ending June 30	Minimum Payments
2024	\$ 26,903
2025	21,894
2026	18,315
Total minimum payments	67,112
Less amount representing interest	4,380
Net minimum payments	62,732
Less current portion	24,232
Noncurrent obligations	\$ 38,500

Note 8 – Leases & Subscription-Based Information Technology Arrangements (SBITAs)

Leases - The University leases various facilities, land and equipment under lease agreements including one lease that contains variable usage payments which were not included in the calculation of the lease liability. This lease ended in February 2023. The amount of outflows of resources for these variable payments are \$463 and \$4,800 for the years ended June 30, 2023 and 2022, respectively. The University is leasing land from the Foundation of which \$318,397 is included in the University's right-to-use assets with the term ending in 2036.

Future payments for leases as of June 30, 2023 are as follows:

Years Ending June 30	Principal Payments	Interest Payments	Total Payments
2024	\$ 2,491,468	\$ 356,152	\$ 2,847,620
2025	2,586,754	305,918	2,892,672
2026	2,683,815	254,760	2,938,575
2027	2,783,596	201,693	2,985,289
2028	2,885,788	147,036	3,032,824
2029-2033	5,841,480	129,882	5,971,362
2034-2036	50,468	2,182	52,650
Total	\$ 19,323,369	\$ 1,397,623	\$ 20,720,992

The University leases various facilities and land to others under lease agreements including four leases that contain 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 \$452,212 and \$224,191 for the years ended June 30, 2023 and 2022, respectively. The University recognized \$541,330

Notes to Financial Statements (Continued) June 30, 2023 and 2022

and \$476,043 in interest revenue and \$1,832,739 and \$1,699,098 in lease revenue for the years ended June 30, 2023 and 2022, 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's 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, 2023	Year Ending June 30, 2022
Landlord/Lessor Total	Revenue	\$ 123,383	\$ 124,370
Tenant/Lessee Total	Expense	1,468,687	1,491,205
Net Total	Expense	<u>\$ 1,345,304</u>	<u>\$ 1,366,835</u>
Landlord/Lessor Total	Receivables	\$ 2,179,938	\$ 2,214,150
Tenant/Lessee Total	Liability	9,149,549	10,328,170
Net Total	Liability	<u>\$ 6,969,611</u>	<u>\$ 8,114,020</u>
Landlord/Lessor Total	Inflow of Resources	\$ 2,107,794	\$ 2,166,911
Tenant/Lessee Total	Net Asset Balance	8,750,259	10,030,833
Net Total	Net Asset Balance	<u>\$ 6,642,465</u>	<u>\$ 7,863,922</u>

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

Subscription-Based Information Technology Arrangements (SBITAs) - The University has entered into subscription contracts for software including several agreements that contain variable usage payments which were not included in the calculation of the subscription liability. The amount of outflows of resources for these variable payments are \$55,363 and \$40,020 for the years ended June 30, 2023 and 2022, respectively. Commitments under SBITAs before the commencement of the subscription term totaled \$686,752 at June 30, 2023 and are included in prepaids on the statement of net position.

Future payments for subscription-based information technology arrangements as of June 30, 2023 are as follows:

Years Ending June 30	Principal Payments	Interest Payments	Total Payments
2024	\$ 1,809,909	\$ 64,657	\$ 1,874,566
2025	1,051,928	38,165	1,090,093
2026	526,255	17,313	543,568
2027	204,897	7,343	212,240
2028	93,316	1,684	95,000
Total	<u>\$ 3,686,305</u>	<u>\$ 129,162</u>	<u>\$ 3,815,467</u>

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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, 2023 and 2022 are summarized as follows:

	Compensation and Benefits	Supplies and Services	Professional Services	Utilities	Travel and Entertainment	Total
Year ended June 30, 2023						
Instruction	\$ 198,900,069	\$ 8,179,333	\$ 4,579,725	\$ 3,532	\$ 4,673,905	\$ 216,336,564
Research	32,513,850	5,083,491	4,175,628	9,097	1,753,731	43,535,797
Public service	24,580,990	4,751,858	8,122,885	107,622	793,367	38,356,722
Academic support	51,935,068	13,077,681	1,756,919	49,688	662,173	67,481,529
Student services	38,302,512	8,113,280	12,470,702	8,856	1,857,892	60,753,242
Institutional support	42,418,544	11,491,116	3,600,705	53,123	1,001,917	58,565,405
Operation and maintenance of plant	33,328,710	393,656	7,487,925	13,162,179	68,771	54,441,241
Auxiliary enterprises	46,291,048	23,908,137	2,714,025	3,164,343	1,562,549	77,640,102
Total	<u>\$ 468,270,791</u>	<u>\$ 74,998,552</u>	<u>\$ 44,908,514</u>	<u>\$ 16,558,440</u>	<u>\$ 12,374,305</u>	<u>\$ 617,110,602</u>
					Student Aid	11,338,740
					Depreciation and amortization	66,334,442
					Pension and OPEB revenue	(18,622,990)
					Total Operating Expenses	<u>\$ 676,160,794</u>
Year ended June 30, 2022						
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	11,756,953	1,201,847	193,153	364,173	64,346,772
Student services	34,576,121	7,233,203	14,382,174	46,819	1,079,198	57,317,515
Institutional support	39,230,105	8,687,532	3,652,344	284,451	452,964	52,307,396
Operation and maintenance of plant	33,902,760	1,090,665	6,503,925	11,653,275	46,618	53,197,243
Auxiliary enterprises	38,113,099	19,187,662	1,948,838	3,028,990	1,580,953	63,859,542
Total	<u>\$ 455,177,354</u>	<u>\$ 65,936,016</u>	<u>\$ 48,991,043</u>	<u>\$ 15,331,038</u>	<u>\$ 7,036,604</u>	<u>\$ 592,472,055</u>
					Student Aid	36,006,561
					Depreciation and amortization	65,697,690
					Pension and OPEB revenue	(87,197,089)
					Total Operating Expenses	<u>\$ 606,979,217</u>

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, eligible employees are entitled to a payout of their accumulated vacation balance up to a maximum of 32 days.

Notes to Financial Statements (Continued) June 30, 2023 and 2022

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, 2023 and 2022 was \$15,625,958 and \$15,293,599, 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, FOP officers 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.

The estimated liability for accrued sick leave at June 30, 2023 and 2022 was \$7,278,174 and \$7,154,706, respectively.

Compensated absences at June 30, 2023 and 2022 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
For the year ended:						
June 30, 2023	<u>\$ 22,448,305</u>	<u>\$ 25,451,084</u>	<u>\$(24,995,257)</u>	<u>\$ 22,904,132</u>	<u>\$ 2,577,731</u>	<u>\$ 20,326,401</u>
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>

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

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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.

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'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, 2.91% and 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% of the employer contribution goes to the OPERS system at June 30, 2023 and 2022, respectively. 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' 2023 and 2022 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%

Notes to Financial Statements (Continued) June 30, 2023 and 2022

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

Plan	Employer Contributions - for the years ended June 30			
	2023		2022	
	Pension	OPEB	Pension	OPEB
STRS Ohio	\$ 12,032,113	\$ -	\$ 12,811,654	\$ -
OPERS	18,791,214	-	17,348,323	-
ARP	11,493,134	-	10,477,332	-
	<u>\$ 42,316,461</u>	<u>\$ -</u>	<u>\$ 40,637,309</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.

Eligibility for retirement depends on years of service (5-35 years) and age depending on when the employee became a member. The annual retirement allowance, payable for life, is based on the average of the member's five highest years of earnings multiplied by 2.2% for each year of credited service. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit amounts.

A defined benefit 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. 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. Eligibility for retirement depends on years of service (5 to 32 years) and from attaining the age of 48 to 67, depending on when the employee became a member. Members retiring before the required age with less than the required years of service credit receive a percentage reduction in benefits. Member retirement benefits are calculated on a formula that considers years of service, age, and final average salary, using a factor ranging from 2.1% to 2.5%.

Notes to Financial Statements (Continued) June 30, 2023 and 2022

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, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient.

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 based on the lower of the average percentage increase in the Consumer Price Index, or 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.

Net Pension Liability, Deferrals, and Pension Expense - At June 30, 2023 and 2022, the University reported a liability for its proportionate share of the net pension liability of both STRS Ohio and OPERS. For June 30, 2023, the net pension liability was measured as of June 30, 2022 for the STRS Ohio plan, and December 31, 2022 for the OPERS plan. 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. The total pension 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.

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

For the years ended June 30, 2023 and 2022, the University's proportionate shares of the net pension liability are as follows:

Plan	Measurement Date	Net Pension Liability		Proportionate Share		Percent Change	
		2023	2022	2023	2022	2022-23	2021-22
STRS Ohio	June 30	\$ 156,480,355	\$ 97,273,407	0.704%	0.761%	-0.057%	-0.109%
OPERS	December 31	219,692,359	62,632,709	0.739%	0.740%	-0.001%	-0.022%
		<u>\$ 376,172,714</u>	<u>\$ 159,906,116</u>				

For the year ended June 30, 2023 and 2022, the University recognized pension expense (revenue) of \$40,251,743 and \$(22,308,563), respectively. These amounts are made up of \$41,492,646 and \$39,744,169, respectively, recorded functionally as employee benefits and \$(1,240,903) and \$(62,052,732), 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, 2023 and 2022, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,515,667	\$ 765,879	\$ 6,432,075	\$ 2,282,171
Changes in assumptions	21,139,433	14,095,293	35,222,432	-
Net difference between projected and actual earnings on pension plan investments	68,851,870	-	-	161,587,996
Changes in proportion and differences between University contributions and proportionate share of contributions	545,835	28,652,891	249,898	39,150,607
University contributions subsequent to the measurement date	<u>21,459,848</u>	<u>-</u>	<u>21,607,458</u>	<u>-</u>
Total	<u>\$ 121,512,653</u>	<u>\$ 43,514,063</u>	<u>\$ 63,511,863</u>	<u>\$ 203,020,774</u>

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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
2024	\$ (2,745,252)
2025	5,250,951
2026	6,842,650
2027	46,962,323
2028	55,831
Thereafter	172,239
	<u>\$ 56,538,742</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 (2024).

Net OPEB Liability (Asset), Deferrals, and OPEB Expense - At June 30, 2023, the net OPEB liability (asset) was measured as of June 30, 2022 for the STRS Ohio plan and at December 31, 2022 for the OPERS plan. 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. The total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of those dates. Typically, the University's proportion of the net OPEB liability (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, 2022 and 2021, 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, 2022 and 2021, 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, 2023 and 2022, the University's proportionate shares of the net OPEB liability (asset) are as follows:

Plan	Measurement Date	Net OPEB Liability (Asset)		Proportionate Share		Percent Change	
		2023	2022	2023	2022	2022-23	2021-22
STRS Ohio	June 30	\$ (18,226,606)	\$ (16,040,562)	0.704%	0.761%	-0.057%	-0.109%
OPERS	December 31	4,597,115	(22,990,599)	0.729%	0.734%	-0.005%	-0.022%
		<u>\$ (13,629,491)</u>	<u>\$ (39,031,161)</u>				

Notes to Financial Statements (Continued) June 30, 2023 and 2022

For the years ended June 30, 2023 and 2022, the University recognized OPEB revenue of \$17,382,087 and \$25,144,357, 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, 2023 and 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 264,220	\$ 3,883,986	\$ 571,153	\$ 6,426,242
Changes in assumptions	5,266,500	13,293,878	1,024,605	18,875,698
Net difference between projected and actual earnings on pension plan investments	9,447,313	-	-	15,406,464
Changes in proportion and differences between University contributions and proportionate share of contributions	44,604	876,662	-	6,703,000
Total	<u>\$ 15,022,637</u>	<u>\$ 18,054,526</u>	<u>\$ 1,595,758</u>	<u>\$ 47,411,404</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
2024	\$ (3,127,863)
2025	(1,106,472)
2026	829,880
2027	3,585,178
2028	(1,067,946)
Thereafter	(2,144,666)
	<u>\$ (3,031,889)</u>

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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, 2023:

	STRS Ohio	OPERS
Valuation date - Pension	June 30, 2022	December 31, 2022
Valuation date - OPEB	June 30, 2022	December 31, 2021
Actuarial cost method	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 2023, then 2.05% simple
Salary increases, including inflation	2.5% - 8.5%	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	-68.78% to -5.47%, 3.94% ultimate	5.5% initial, 3.5% ultimate in 2036
Experience study date	Period of 5 years ended June 30, 2021	Period of 5 years ended December 31, 2020
Mortality basis	Post-retirement mortality rates are based on Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Disabled: Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.	Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

Notes to Financial Statements (Continued) June 30, 2023 and 2022

The following actuarial assumptions, applied to all periods included in the measurement for the period ended June 30, 2022, were as follows:

	STRS Ohio	OPERS
Valuation date - Pension	June 30, 2021	December 31, 2021
Valuation date - OPEB	June 30, 2021	December 31, 2020
Actuarial cost method	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)

Discount Rate - The discount rates used to measure the total pension liabilities at June 30, 2023 and 2022, were 7.0% for STRS Ohio and 6.9% for OPERS. The discount rates used to measure the OPEB liability (asset) at June 30, 2023 were 7.0% for STRS Ohio and 5.2% 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.

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, 2022 and 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.0% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022 and 2021.

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, 2022 and 2021. Therefore, the long-term expected rate of return on HC Fund investments of 7.0% was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2022 and 2021.

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 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00%. 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 4.05%. 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 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

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

STRS - as of 6/30/22			OPERS - as of 12/31/22				
			Defined Benefit Portfolio			Health Care Portfolio	
		Long-term Expected			Long-term Expected		Long-term Expected
	Target	Real Rate of		Target	Real Rate of	Target	Real Rate of
Investment Category	Allocation	Return*	Investment Category	Allocation	Return	Allocation	Return
Domestic Equity	26.00%	6.60%	Domestic Equities	22.00%	4.60%	26.00%	4.60%
International Equity	22.00%	6.80%	International Equities	21.00%	5.51%	25.00%	5.51%
Alternatives	19.00%	7.38%	Private Equity	15.00%	7.53%	-	-
Fixed Income	22.00%	1.75%	Fixed Income	22.00%	2.62%	34.00%	2.56%
Real Estate	10.00%	5.75%	Real Estate	13.00%	3.27%	-	-
Liquidity Reserves	1.00%	1.00%	REITs	-	-	7.00%	4.70%
			Risk Parity	2.00%	4.37%	2.00%	4.37%
			Other Investments	5.00%	3.27%	6.00%	1.84%
	<u>100.00%</u>			<u>100.00%</u>		<u>100.00%</u>	

* Includes inflation of 2.25%

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%

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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:

2023						
Plan	1% Decrease		Current Discount Rate		1% Increase	
STRS Ohio	6.00%	\$ 236,384,849	7.00%	\$ 156,480,355	8.00%	\$ 88,905,891
OPERS	5.90%	330,265,465	6.90%	219,692,359	7.90%	127,738,134
		<u>\$ 566,650,314</u>		<u>\$ 376,172,714</u>		<u>\$ 216,644,025</u>

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>

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the OPEB liability (asset) of the University, calculated using the discount rate listed below, as well as what the University's net OPEB 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:

2023						
Plan	1% Decrease		Current Discount Rate		1% Increase	
STRS Ohio	6.00%	\$ (16,850,016)	7.00%	\$ (18,226,606)	8.00%	\$ (19,405,770)
OPERS	4.22%	15,646,486	5.22%	4,597,115	6.22%	(4,520,420)
		<u>\$ (1,203,530)</u>		<u>\$ (13,629,491)</u>		<u>\$ (23,926,190)</u>

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>

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

2023			
Plan	1% Decrease	Current Trend Rate	1% Increase
STRS Ohio	\$ (18,905,423)	\$ (18,226,606)	\$ (17,369,763)
OPERS	4,308,981	4,597,115	4,921,425
	<u>\$ (14,596,442)</u>	<u>\$ (13,629,491)</u>	<u>\$ (12,448,338)</u>

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>

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, 2023, the University reported a payable of \$1,573,811 and \$0 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2023. 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.

Changes in Benefit Terms and Assumptions –

Amounts reported for the STRS Ohio plan year ended June 30, 2022 reflect the following changes in assumptions:

- Salary increases changed from 2.5% - 12.5% to 2.5% - 8.5%
- Health care cost trend rate changed -16.18% to 29.98% initial, 4.0% ultimate to -68.78% to -5.47% initial, 3.94% ultimate
- Experience study date changed from a period of 5 years ended June 30, 2016 to 5 years ended June 30, 2021
- Mortality basis made many changes including changing from using annuitant and disabled mortality table RP-2014 to Pub-2010 and MP-2020

Amounts reported for the OPERS plan year ended December 31, 2022 reflect the following changes in assumptions:

- Discount rate decreased from 6.0% to 5.22% for measurement of the OPEB liability (asset)
- Mortality basis made many changes including changing from using annuitant and disabled mortality table RP-2014 to Pub-2010 and MP-2020

Changes Between Measurement Date and Report Date –There were no changes.

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 2.91% and 4.47% for STRS Ohio and 3.5% for OPERS for the years ended June 30, 2023 and 2022, respectively. 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.

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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 2022.

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 \$4.6 billion as of June 30, 2022.

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. 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.

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

Changes in the self-insurance claims liability for the three years ended June 30, 2023 are summarized as follows:

	2023	2022	2021
Accrued claims liability - Beginning of year	\$ 9,832,546	\$ 10,277,770	\$ 9,799,647
Incurred claims - Net of favorable settlements	72,727,347	68,461,964	62,986,256
Claims paid	<u>(73,253,352)</u>	<u>(68,907,188)</u>	<u>(62,508,133)</u>
Accrued claims liability - End of year	<u>\$ 9,306,541</u>	<u>\$ 9,832,546</u>	<u>\$ 10,277,770</u>

Liability for claims is accrued based on estimates made by the University's third-party actuary, as reviewed by management. 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, as reviewed by management, 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 (IUC) Risk Management and Insurance consortium (RMIC) with certain other Ohio state-assisted universities for the acquisition of commercial property and liability insurance. There was a \$483,000,000 reduction in property insurance coverage from the prior year. Management believes that the current level of coverage is sufficient. There was no significant reduction in insurance coverage from the prior year in any other category. Settlements did not exceed insurance coverage for each of the past three fiscal years.

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

At June 30, 2023, the University has the following commercial insurance policies:

Type	Deductible	Coverage
Cyber Liability	\$ 250,000	\$ 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
	250,000 (500,000 for Class Action, 1,000,000 for Excessive Fee Litigation)	2,000,000
Fiduciary Liability	25,000	2,000,000/6,000,000
Medical Malpractice Liability	5,000	10,000,000
Airport General Liability	-	20,000,000
Special Accident Liability	-	50,000,000
Aircraft Liability (AEC King Air)	100,000	40,000,000
Educator's Liability	-	35,000,000
Foreign Liability	100,000	40,000,000
General and Auto Liability	25,000	25,000,000/100,000,000/350,000,000
Fine Art, including Library Values	100,000	1,000,000,000
Property	100,000	600,000,000
Terrorism	50,000	15,000,000
Pollution		

General Liability (GL), Auto Liability (AL), Educator's Legal Liability (ELL), 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 of fine art and \$350.0 million for any one loss library values. The University purchases \$5.0 million in excess of the \$35.0 million GL/AL/ELL IUC-RMIC coverage bringing the University's total coverage for these lines to \$40.0 million.

Note 13 - Capital Project Commitments

At June 30, 2023, the University is committed to future capital expenditures as follows:

Contractual commitments	\$ 63,144,099
Estimated completion costs of projects	<u>27,874,338</u>
Total	<u>\$ 91,018,437</u>

These projects will be funded by:

Gifts & Grants	\$ 10,449,468
State Appropriations	6,959,790
University funds (including bond funds)	<u>73,609,179</u>
Total	<u>\$ 91,018,437</u>

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

Note 14 - Other Noncurrent Liabilities

The University's other noncurrent liabilities at June 30, 2023 is summarized as follows:

	July 1, 2022	Additions	Reductions	June 30, 2023	Current Portion	Noncurrent Portion
Pollution remediation	\$ 661,772	\$ 348,252	\$ 531,772	\$ 478,252	\$ 353,252	\$ 125,000
Asset retirement obligations	500,000	-	-	500,000	-	500,000
Severance pay	5,485,415	12,840	1,619,877	3,878,378	3,878,378	-
Workers' compensation	7,501,008	848,563	1,533,390	6,816,181	1,036,989	5,779,192
Refundable advances, federal student loans	8,057,289	78,797	454,489	7,681,597	867,324	6,814,273
Total	<u>\$ 22,205,484</u>	<u>\$ 1,288,452</u>	<u>\$ 4,139,528</u>	<u>\$ 19,354,408</u>	<u>\$ 6,135,943</u>	<u>\$ 13,218,465</u>

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>

Note 15 - Pollution Remediation

Future expected payments for pollution remediation activities include legal obligations due to commencing purchase orders for asbestos removal. This liability is measured at the estimated cost of construction including consultants, and the amount assumes no unexpected change orders.

Pollution remediation obligations 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

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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
2024	\$ 353,252
2025	5,000
2026	5,000
2027	5,000
2028	5,000
2029-2049	105,000
Total minimum payments	<u>\$ 478,252</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 were 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 elected the plan, was \$5,901,440 and was 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.

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 2023 was 5.7%, which included a 1.7% administrative fee. For fiscal year 2022, the spending rate was 5.8%, which included a 1.8% administrative fee.

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

The amounts of net appreciation on investments of donor-restricted endowments that are available for authorization for expenditure by the Board were \$13,149,425 and \$11,811,994 for June 30, 2023 and 2022, 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, 2023 and 2022 are as follows:

	2023	2022
Restricted - nonexpendable -		
Permanent endowments	\$ 23,569,288	\$ 23,213,669
Restricted - expendable:		
Sponsored programs	\$ 6,250,392	\$ 6,987,396
Component unit funds	6,598,716	4,232,891
Capital projects	2,264,260	2,862,609
Loans	4,207,664	5,028,420
Unspent endowment distributions	2,292,840	2,225,993
Endowments - net appreciation	13,149,425	11,811,994
OPEB asset	10,597,602	-
Total restricted - expendable	\$ 45,360,899	\$ 33,149,303
Unrestricted - allocated:		
Auxiliaries	\$ 73,418,953	\$ 61,906,089
Quasi endowments	89,391,486	84,822,170
Unspent endowment distributions	8,503,797	9,393,512
Quasi endowments - net appreciation	17,709,063	12,398,928
Other	439,021,254	403,059,068
Pension liability	(298,174,125)	(299,415,028)
OPEB liability	-	(6,784,485)
Total unrestricted - allocated	\$ 329,870,428	\$ 265,380,254

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.

Notes to Financial Statements (Continued) **June 30, 2023 and 2022**

Note 19 – Blended Component Units

As indicated in Note 1, the University consolidates certain component units in a blended presentation. MRC is not presented below as they had only immaterial financial results for the years ended June 30, 2023 and 2022. UMA is not presented below as they had only immaterial financial results for the year ended June 30, 2022 and were dissolved during that year.

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, 2023 and 2022

Tech GROWTH Ohio Fund:

Statement of Net Position (Condensed)

	June 30, 2023	June 30, 2022
Current Assets	\$ 3,988,397	\$ 2,530,931
Other Assets	3,123,090	1,701,960
Total Assets	<u>\$ 7,111,487</u>	<u>\$ 4,232,891</u>
Total Liabilities	\$ 512,771	\$ -
Total Net Position Restricted - Expendable	<u>6,598,716</u>	<u>4,232,891</u>
Total Liabilities and Net Position	<u>\$ 7,111,487</u>	<u>\$ 4,232,891</u>

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

	June 30, 2023	June 30, 2022
Operating Revenues	<u>62,537</u>	<u>41,779</u>
Operating Income	62,537	41,779
Other Nonoperating Revenue (Expense)	<u>2,303,288</u>	<u>(1,055,512)</u>
Increase (Decrease) in Net Position	2,365,825	(1,013,733)
Net Position, Beginning of year	<u>4,232,891</u>	<u>5,246,624</u>
Net Position, End of year	<u>\$ 6,598,716</u>	<u>\$ 4,232,891</u>

Statement of Cash Flows (Condensed)

	June 30, 2023	June 30, 2022
Grants and contracts	\$ 1,986,500	\$ -
Change in Accounts Receivable	1,306,481	(1,306,481)
Other Receipts	<u>62,537</u>	<u>47,596</u>
Net cash provided by (used in) operating activities	3,355,518	(1,258,885)
Net Cash Provided by (used in) Investing Activities	<u>(1,744,917)</u>	<u>1,108,886</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,610,601	(149,999)
Cash and Cash Equivalents, Beginning of year	<u>1,003,716</u>	<u>1,153,715</u>
Cash and Cash Equivalents, End of year	<u>\$ 2,614,317</u>	<u>\$ 1,003,716</u>

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

Coalition of Rural and Appalachian Schools (CORAS):

Statement of Net Position (Condensed)

	June 30, 2023	June 30, 2022
Total Assets	\$ 267,897	\$ 398,276
Total Liabilities	\$ 13,858	\$ 5,986
Total Net Position - Unrestricted	254,039	392,290
Total Liabilities and Net Position	\$ 267,897	\$ 398,276

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

	June 30, 2023	June 30, 2022
Operating Revenues	\$ 166,970	\$ 398,091
Operating Expenses	305,221	225,330
Increase (Decrease) in Net Position	(138,251)	172,761
Net Position, Beginning of year	392,290	219,529
Net Position, End of year	\$ 254,039	\$ 392,290

Statement of Cash Flows (Condensed)

	June 30, 2023	June 30, 2022
Sales and services	\$ 166,970	\$ 398,091
Payments to suppliers	305,221	225,330
Net cash provided by (used in) operating activities	(138,251)	172,761
Net Increase (Decrease) in Cash and Cash Equivalents	(138,251)	172,761
Cash and Cash Equivalents, Beginning of year	392,290	219,529
Cash and Cash Equivalents, End of year	\$ 254,039	\$ 392,290

Notes to Financial Statements (Continued) June 30, 2023 and 2022

Note 20 – Adoption of GASB 96

As of July 1, 2021, the University implemented the requirements of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Statement 96 established a model for software subscription accounting based on the foundational principle that subscriptions are financings of the right to use an underlying IT asset. The effects of adopting Statement No. 96 in the University's financial statements for the year ended June 30, 2022 were as follows:

Statement of Net Position	July 1, 2021 - As Restated - related to GASB 96	GASB 96 - Effect of Adoption	June 30, 2022 - As Restated
Prepaid expense	\$ -	\$ (924,017)	\$ (924,017)
Right-to-use subscription assets, net	6,678,185	(788,316)	5,889,869
Accounts payable and accrued liabilities	-	45,495	45,495
Subscription liability - current portion	1,847,946	187,903	2,035,849
Subscription liability	4,830,239	(1,925,782)	2,904,457
Net Position - Unrestricted	-	(19,949)	(19,949)

Statement of Revenues, Expenses, and Changes in Net Position	June 30, 2022 - As Previously Reported	GASB 96 - Effect of Adoption	June 30, 2022 - As Restated
Operating expenses	\$ 2,389,827	\$ (2,389,827)	\$ -
Depreciation and amortization	-	2,353,678	2,353,678
Interest on debt	-	56,098	56,098
Increase (Decrease) in Net Position	(2,389,827)	(19,949)	(2,409,776)

Note 21 – The Ohio University Foundation

Organization and Operation - 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, 2023 and 2022

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:

	2023	2022
Total assets, at year end	\$ 730,929,914	\$ 647,369,971
Less nonfinancial assets:		
Prepaid expenses	327,339	580,209
Assets held for sale	2,929,427	2,876,392
Property and equipment, net of depreciation	8,862,400	9,788,807
Other assets	126,707	147,155
Financial assets, at year end	718,684,041	633,977,408
Less those unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	139,508,108	77,639,900
Donor-restricted permanent endowments subject to appropriation and satisfaction of donor restrictions	395,125,261	365,454,512
Board-designated (quasi) endowments created with donor-restricted funds	32,609,182	38,655,874
Life insurance cash surrender value	1,129,282	1,165,466
Investments held in annuities and trusts	4,877,078	17,379,932
Beneficial interest in assets held by others	719,111	687,526
Financial assets held by Foundation subsidiaries	9,174,614	8,672,950
Board designations:		
Quasi-endowment funds without donor restrictions	125,916,664	112,280,710
Quasi-endowment spending account balances without donor restrictions	1,273,523	1,002,150
Subtotal of amounts unavailable for general expenditure within one year	710,332,823	622,939,020
Plus endowment distributions made available for general expenditure within one year due to:		
Endowment distributions without purpose restrictions	53,276	48,667
Endowment management fee	7,932,512	8,015,016
Subtotal of endowment distributions without donor restrictions or board designations	7,985,788	8,063,683
Financial assets available to meet cash needs for general expenditures	\$ 16,337,006	\$ 19,102,071

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 \$125,916,664 and \$112,280,710 for the years ended June 30, 2023 and 2022, 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 \$3,856,886 and \$2,805,495 were accumulated for the years ended June 30, 2023 and 2022, 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

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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 \$21,853,915 and \$29,695,056 as of June 30, 2023 and 2022, respectively, the majority of which are bank balances. A portion of the bank balances are insured either by the FDIC or through the Foundation's involvement in the Ohio Pooled Collateral System. Remaining uninsured balances totaled \$19,087,895 and \$751,796 as of June 30, 2023 and 2022, respectively.

Cash Equivalents - The Foundation considers all highly liquid investments that are held outside of the long-term investment pool and 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.

Right of Use Lease Assets - Right of use assets represent the Foundation'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.

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, 2023 and 2022.

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 as of June 30, 2023 and 2022.

Lease Liability - At the commencement of a lease, the Foundation 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.

Other Liabilities – The Foundation's other liabilities include unearned revenue, which consists of amounts received from donors that are subject to eligibility requirements. These amounts will be recognized as gift revenue when the eligibility requirements are met. Other liabilities also include accrued compensation, accrued real estate taxes related to the Inn and the Russ LLC's, and the Inn's deferred income tax liability.

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, totaled \$18,825 and \$27,412 for the years ended June 30, 2023 and 2022, respectively. The provision is primarily comprised of federal and city taxes. Of these amounts, \$(17,268) and \$20,446 represent current income tax (recovery) expense for the years ended June 30, 2023 and 2022, respectively. The deferred taxes are a result of differences between book and tax depreciation and are presented as long-term other liabilities on

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

the statements of financial position. There are no income taxes on the Russ LLCs or the Real Estate LLC 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, 2023 and 2022, 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, 2020.

Recently Adopted Accounting Pronouncements – ASU 2016-02, Leases (Topic 842) (“ASC 842”), requires lessees to recognize a lease liability and a right-of-use asset on the Balance Sheet for most operating leases, except for those leases with an original term of 12 months or less. Accounting for capital leases, now referred to as financing leases, is substantially unchanged. ASC 842 is effective for fiscal years beginning after December 15, 2021. The Foundation adopted ASC 842 during the year ended June 30, 2023 with no impact to the consolidated financial statements. Two of the Foundation’s subsidiaries, the Russ LLCs and the Real Estate LLC, are lessors in numerous operating leases.

Subsequent Events - The consolidated financial statements and related disclosures include evaluation of events up through and including October 16, 2023, 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, 2023 and 2022:

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

	2023	2022
Purpose:		
Endowment	\$ 3,211,588	\$ 3,079,639
Capital purposes	2,148,140	1,208,051
Operating programs	10,240,875	6,108,077
Total pledges receivable, gross	15,600,603	10,395,767
Less: Discount to present value	(513,889)	(257,905)
Less: Allowance for uncollectible accounts	(855,256)	(810,429)
Total pledges receivable, net	<u>\$ 14,231,458</u>	<u>\$ 9,327,433</u>
Amounts due in:		
Less than one year	\$ 8,055,245	\$ 6,489,010
One to five years	5,716,448	2,584,212
More than five years	459,765	254,211
Total pledges receivable, net	<u>\$ 14,231,458</u>	<u>\$ 9,327,433</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 2.66 for pledges made during the year ended June 30, 2023 and 2.31 percent for the year ended June 30, 2022. 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.

As of June 30, 2023, the Foundation has approximately \$105.1 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.

Notes to Financial Statements (Continued) June 30, 2023 and 2022

Bequests Receivable

Bequests receivable are recorded when the Foundation is notified of a donor's death, the will is declared valid by a probate court, and the proceeds are measurable. Bequests receivable as of June 30, 2023 and 2022 are summarized in the following table:

	2023	2022
Purpose:		
Endowment	\$ 7,298,849	\$ 8,284,549
Capital purposes	50,311,962	95,000
Operating programs	12,694	992,324
Total bequests receivable, gross	57,623,505	9,371,873
Less: Discount to present value	(5,008,722)	-
Total bequests receivable, net	<u>\$ 52,614,783</u>	<u>\$ 9,371,873</u>
Amounts due in:		
Less than one year	\$ 7,406,543	\$ 9,371,873
One to five years	45,208,240	-
Total bequests receivable, net	<u>\$ 52,614,783</u>	<u>\$ 9,371,873</u>

Bequests receivable that are expected to be collected within one year are recorded at net realizable value. Bequests receivable 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 bequest becomes due and payable. The discount rate utilized was 2.66 for bequests recorded during the year ended June 30, 2023. No discount was used during the year ended June 30, 2022, as all bequests were anticipated to be realized in less than one year. Amortization of the discounts is included in contribution revenue.

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, 2023 and 2022 are summarized in the following tables:

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

Assets Measured at Fair Value on a Recurring Basis at June 30, 2023 –

	Fair Value at Reporting Date Using				Total
	Level 1	Level 2	Level 3	NAV	
<u>Investments</u>					
Fixed-income investments:					
Money market mutual funds	\$ 12,202,177	\$ -	\$ -	\$ -	\$ 12,202,177
Bonds and bond mutual funds	72,279,816	-	-	-	72,279,816
Subtotal fixed income	84,481,993	-	-	-	84,481,993
Public equity investments:					
Domestic large-cap equity (1)	198,181,233	-	-	27,214,169	225,395,402
Domestic small-cap equity	19,042,071	-	-	-	19,042,071
Developed international equity (2)	62,375,936	-	-	36,557,766	98,933,702
Emerging markets international equity (3)	24,982,375	-	-	13,652,053	38,634,428
Public real assets funds	27,014,516	-	-	-	27,014,516
Subtotal public equity	331,596,131	-	-	77,423,988	409,020,119
Alternative investments:					
Hedge funds (4)	-	-	-	39,197,756	39,197,756
Private capital funds (5)	-	-	-	89,109,603	89,109,603
Private real estate funds (6)	-	-	127,880	-	127,880
Subtotal alternative investments	-	-	127,880	128,307,359	128,435,239
Total investments by fair value level	\$416,078,124	\$ -	\$ 127,880	\$205,731,347	\$621,937,351
<u>Split-Interest Agreements</u>					
Charitable gift annuity assets:					
Money market mutual funds	\$ 13,081	\$ -	\$ -	\$ -	\$ 13,081
Bonds and bond mutual funds	622,828	-	-	-	622,828
Domestic equity	402,880	-	-	-	402,880
International equity	247,825	-	-	-	247,825
Public real assets funds	228,556	-	-	-	228,556
Total charitable gift annuity assets	\$ 1,515,170	\$ -	\$ -	\$ -	\$ 1,515,170
Charitable trust assets:					
Money market mutual funds	65,882	-	-	-	65,882
Bonds and bond mutual funds	1,105,899	-	-	-	1,105,899
Domestic equity	826,519	-	-	-	826,519
International equity	507,739	-	-	-	507,739
Public real assets funds	364,709	-	-	-	364,709
Other (6)	-	-	491,160	-	491,160
Total charitable trust assets	\$ 2,870,748	\$ -	\$ 491,160	\$ -	\$ 3,361,908
Total split-interest agreements	\$ 4,385,918	\$ -	\$ 491,160	\$ -	\$ 4,877,078
<u>Beneficial interest in assets held by others</u>					
Assets held at The Columbus Foundation (7)	\$ -	\$ -	\$ 719,111	\$ -	\$ 719,111
Total fair value measurements	\$420,464,042	\$ -	\$ 1,338,151	\$205,731,347	\$627,533,540

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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

	Fair Value at Reporting Date Using				Total
	Level 1	Level 2	Level 3	NAV	
<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	-	-	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
REITs	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

- (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.

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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, 2023 and June 30, 2022, there were no transfers between levels of the fair value hierarchy.

Additional information on the changes in Level 3 assets is summarized in the tables below as of June 30, 2023 and 2022:

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Year Ended June 30, 2023 –

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Investments - Private Real Estate Funds	Charitable Trust Assets - Private Real Estate	Charitable Trust Assets - Other	Beneficial Interest in Assets Held by Others
Beginning balance	\$ 127,880	\$ -	\$ 177,228	\$ 687,526
Change in value of split-interest agreements included in changes in net assets:				
Contributions of new split-interest agreements	-	686,000	309,551	-
Payments to beneficiaries	-	-	(33,000)	-
Sale of trust investments	-	(661,640)	-	-
Realized gain (loss) on sale of trust investments	-	(24,360)	-	-
Change in actuarial estimate	-	-	37,381	-
Total change in value	-	-	313,932	-
Change in value of beneficial interest in assets held by others included in changes in net assets:				
Investment income	-	-	-	38,000
Gains (losses) on beneficial interest in assets held at The Columbus Foundation, net of investment income recorded	-	-	-	(6,415)
Total change in value	-	-	-	31,585
Ending balance	\$ 127,880	\$ -	\$ 491,160	\$ 719,111

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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)			
	Investments - Private Real Estate Funds	Charitable Trust Assets - Private Real Estate	Charitable Trust Assets - Other	Beneficial 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

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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:

	June 30, 2023	June 30, 2022		June 30, 2023	
	Fair Value	Fair Value	Unfunded Commitment	Redemption Frequency, if Eligible	Redemption Notice Period
Domestic large cap equity	\$ 27,214,169	\$ 22,829,581	\$ -	Monthly	10 days
Developed international equity	36,557,766	31,304,837	-	Monthly	10 days
Emerging markets international equity	13,652,053	13,643,296	-	Monthly	5-30 days
Hedge funds	39,197,756	33,663,013	5,637,363	Quarterly, Annually	45-90 days
Private capital funds	89,109,603	64,888,968	97,847,003	None	None
Total	<u>\$205,731,347</u>	<u>\$166,329,695</u>	<u>\$103,484,366</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, 2023 and 2022 ranged from 0.4 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, 2023 and 2022 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, 2023 and 2022 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.

Notes to Financial Statements (Continued) June 30, 2023 and 2022

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, 2023 and June 30, 2022 are as follows:

	2023	2022
Valuations at the Foundation's share of 51%		
Balance at beginning of year	\$ 687,526	\$ 779,413
Share of appreciation of fund	69,585	(57,887)
Distributions	(38,000)	(34,000)
Balance at end of year	<u>\$ 719,111</u>	<u>\$ 687,526</u>

Property and Equipment

As of June 30, 2023 and 2022, property and equipment are as follows:

	2023	2022	Depreciable Life - Years
Land	\$ 1,155,719	\$ 2,460,874	
Land improvements	1,173,714	1,152,914	5-15
Building and building improvements	10,998,199	10,407,373	20-40
Furnishings, fixtures, and equipment	7,894,860	6,510,144	3-10
Depreciable gifted collections	1,550,000	1,550,000	30
Tenant improvements	-	-	2-5
Construction in progress	<u>90,697</u>	<u>814,710</u>	
Subtotal	22,863,189	22,896,015	
Less accumulated depreciation	<u>(14,000,789)</u>	<u>(13,107,208)</u>	
Property and equipment - Net	<u>\$ 8,862,400</u>	<u>\$ 9,788,807</u>	

Total depreciation expense of \$893,581 and \$1,157,042 was recorded in fiscal years 2023 and 2022, 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.

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

Net Assets

The Foundation's net assets, by restriction, as of June 30, 2023 and 2022, include:

	2023	2022
With Donor Restrictions:		
Donor-restricted endowments, perpetual in nature	\$ 395,125,261	\$ 365,454,512
Beneficial interest in assets held by others	719,111	687,526
Board-designated (quasi) endowments created with donor-restricted funds	32,609,182	38,655,874
Property, plant and equipment	1,402,833	1,454,500
Planned gift expectancies	63,393,992	30,873,955
Unexpended gift balances	80,717,643	63,856,843
Net assets held by Sugar Bush	5,493,855	5,468,656
Net assets with donor restrictions	<u>579,461,877</u>	<u>506,451,866</u>
Without Donor Restrictions:		
Earnings on board-designated (quasi) endowments	125,916,664	112,280,710
Equity in the Inn	6,184,880	5,955,695
Net assets held by Russ LLCs	3,624,413	4,305,281
Net assets held by Real Estate LLC	2,889,937	2,629,789
Unspent board-designated endowment distributions	1,273,523	1,002,150
Undesignated	3,856,886	2,805,495
Net assets without donor restrictions	<u>143,746,303</u>	<u>128,979,120</u>
Total net assets	<u>\$ 723,208,180</u>	<u>\$ 635,430,986</u>

The Foundation's net assets, by purpose, as of June 30, 2023 and 2022, include:

	2023	2022
Net assets with donor restrictions:		
Discretionary and general support	\$ 98,413,410	\$ 102,040,818
Chairs and professorships	67,083,842	63,835,125
Research	21,368,247	20,524,429
Scholarships, fellowships and awards	225,432,854	209,658,920
Capital improvements and renovations	17,152,040	4,087,457
Other	150,011,484	106,305,117
Total net assets with donor restrictions	<u>579,461,877</u>	<u>506,451,866</u>
Net assets without donor restrictions	<u>143,746,303</u>	<u>128,979,120</u>
Total net assets	<u>\$ 723,208,180</u>	<u>\$ 635,430,986</u>

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

Notes to Financial Statements (Continued) June 30, 2023 and 2022

Endowment Net Asset Composition by Type of Fund as of June 30, 2023 –

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment	\$ -	\$ 395,125,261	\$ 395,125,261
Board designated (quasi) endowment created with donor restricted funds	125,916,664	32,609,182	158,525,846
Total funds	<u>\$ 125,916,664</u>	<u>\$ 427,734,443</u>	<u>\$ 553,651,107</u>

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2023 –

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets - Beginning of the year	\$ 112,280,710	\$ 404,110,386	\$ 516,391,096
Net realized and unrealized gains and losses and investment income	15,439,293	38,894,394	54,333,687
Contributions	-	9,464,119	9,464,119
Spending policy transfer	(493,463)	(18,874,465)	(19,367,928)
Transfers from board-designated (quasi) endowments	1,292,492	(434,172)	858,320
Endowment management fee	(2,602,368)	(5,425,819)	(8,028,187)
Net Assets - End of the year	<u>\$ 125,916,664</u>	<u>\$ 427,734,443</u>	<u>\$ 553,651,107</u>

Notes to Financial Statements (Continued) June 30, 2023 and 2022

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>

Accumulated Investment Income – The endowment tables above include both original investments, as well as accumulated investment income. For the fiscal year ended June 30, 2023, the \$395.1 million reported as donor-restricted endowments with donor restrictions includes donor-restricted endowment corpus of \$278.0 million and accumulated investment income of \$117.1 million. The \$158.5 million reported as board-designated (quasi) endowment created with donor restricted funds includes donor-restricted original investment of \$32.6 million and accumulated investment income without donor restrictions of \$125.9 million. 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. As of the fiscal years ended June 30, 2023 and 2022, the Foundation did not have any board-designated (quasi) endowment funds that were created with funds without donor restrictions.

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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 41 and 142 underwater endowment funds at June 30, 2023 and 2022, respectively. The detail of the underwater accounts’ deficiency at June 30, 2023 and 2022 is as follows:

	2023	2022
Fair value of underwater endowment funds	\$ 4,278,701	\$ 15,808,847
Contributed value of gifts of underwater endowment funds	4,397,219	16,863,686
Deficiency	\$ (118,518)	\$ (1,054,839)

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 7.6 percent, net of investment management fees approximately 0.7 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, 2023, the Foundation’s spending policy stipulated that 5.7 percent of a three-year moving average of the market value of the endowment was available to spend, with 1.7 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-

Notes to Financial Statements (Continued) June 30, 2023 and 2022

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 1.8 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, 2023 and June 30, 2022, contributed nonfinancial assets recognized within the statement of activities included the following:

	2023	2022
Software licenses	\$ 9,389,753	\$ 11,244,776
Artwork	-	3,780,500
Lodging and office space	151,050	-
Equipment	42,420	100,500
Books and instructional supplies	350,735	4,174
Other supplies	8,415	93,864
Total contributions of nonfinancial assets	<u>\$ 9,942,373</u>	<u>\$ 15,223,814</u>

The Foundation recognized contributed nonfinancial assets within revenue, including software licenses, artwork, lodging and office space, equipment, books and 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 included 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 lodging and office space included hotel rooms used by Intercollegiate Athletics teams, temporary housing used by a visiting professor, and office space used by University Advancement. The Foundation estimated the fair value on the basis of comparable rental prices available in the market for the use of similar space.

Contributed equipment included used pianos for the College of Fine Arts, refrigerators used by the Cats' Cupboard food pantry, a computer workstation for Physics faculty and students, recreational equipment for the Charles J. Ping Recreation Center, corrosion testing equipment for the Russ College of Engineering and light microscopes for the Heritage College of Osteopathic Medicine. Contributions of new equipment 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. The Foundation estimated the fair value of used equipment on the basis of comparable sales prices available in the market for similar used equipment items.

Books and instructional supplies included books directed to the Patton College of Education's Edward Stevens Literacy Center for distribution to low-income, at-risk families in southeastern Ohio. Books and instructional supplies also included academic and scholarly books and medical supplies which were restricted by donors to support programs in the Patton College of Education, 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 insulin and basic needs items for programs in the Heritage College of Osteopathic Medicine, yoga supplies for student use, 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 and Intercollegiate Athletics. Other supplies also included masks and hand sanitizer, which were not restricted by the donors and were used for the benefit of Ohio University students. 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 2023 and 2022, the University paid certain payroll costs amounting to \$2,841,915 and \$3,201,645 and additional costs of \$233,182 and \$61,513, 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 \$1,604,300 and \$3,862,027 outstanding,

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

respectively, as of June 30, 2023 and 2022. 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 \$0 and \$18,882 as of June 30, 2023 and 2022, respectively, due to these rental payments exceeding the amounts paid by the University on behalf of the Real Estate LLC.

The Foundation had 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. The Foundation was the named beneficiary of SEED's assets in the event that the entity dissolved. Distributions from SEED were reflected in the consolidated statements of activities as gifts and contributions in the year they were received. No distributions from SEED were received during the fiscal year ended June 30, 2022. SEED was dissolved effective December 16, 2022 and made a final distribution to the Foundation in the amount of \$25,497 during the fiscal year ended June 30, 2023.

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, 2023 and June 30, 2022, respectively:

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

Year Ended June 30, 2023

Expenses by function:	Salaries & Benefits	Student Aid	Supplies & Services	Occupancy, Maintenance & Repairs	Travel & Entertainment	Other	Total
Program services:							
Academic support	\$ 796,551	\$ 597	\$ 882,641	\$ 202,488	\$ 254,608	\$ 5	\$ 2,136,890
Alumni relations	2,251,886	-	865,935	123,998	561,484	54,594	3,857,897
Institutional support	130,961	-	69,870	2,089	40,196	-	243,116
Instruction	1,761,135	29,790	3,187,088	3,027,370	441,008	-	8,446,391
Intercollegiate athletics	132,365	-	83,295	1,218,741	118,793	1,099	1,554,293
Public service	1,108,399	-	1,002,792	102,432	57,943	-	2,271,566
Research	1,047,587	5,311	2,653,607	2,447,320	214,493	-	6,368,318
Student aid	25,685	10,263,453	10,371	-	1,508	11,394	10,312,411
Student services	330,521	18,870	377,624	505,692	509,464	-	1,742,171
Total program services	7,585,090	10,318,021	9,133,223	7,630,130	2,199,497	67,092	36,933,053
Support services:							
Fundraising and development	6,673,305	-	1,356,390	278,570	636,965	-	8,945,230
Management and General	1,773,157	-	351,565	11,414	122,893	200	2,259,229
Total support services	8,446,462	-	1,707,955	289,984	759,858	200	11,204,459
Related entity operations	2,956,528	-	638,485	2,013,985	-	1,145,677	6,754,675
Total expenses	\$18,988,080	\$10,318,021	\$11,479,663	\$ 9,934,099	\$ 2,959,355	\$ 1,212,969	\$54,892,187

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	118,324	-	11,121	192	35,252	1,836	166,725
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	833,351	11,888	539,217	3,696,941	114,837	12	5,196,246
Student aid	575	9,366,101	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	6,823,708	9,461,510	12,642,511	9,869,947	1,200,971	86,199	40,084,846
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	\$17,469,171	\$ 9,461,510	\$15,047,429	\$12,345,070	\$ 1,602,336	\$ 884,801	\$56,810,317

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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, 2023 and 2022 are summarized below:

	2023	2022
Revenues:	\$ 5,928,569	\$ 6,263,447
Expenses:		
Operating and general expenses	4,923,349	4,797,600
Interest expense	1,726	8,438
Depreciation	755,484	708,058
Provision for income taxes	18,825	27,412
Total expenses	5,699,384	5,541,508
Net income	\$ 229,185	\$ 721,939

For fiscal years ended June 30, 2023 and 2022, 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 2023 and 2022, base management fees incurred by the Inn with respect to the manager were \$100,000 per year and incentive fees were \$90,086 and \$86,917, respectively.

Notes to Financial Statements (Continued) June 30, 2023 and 2022

Property and Equipment - Property and equipment of the Inn as of June 30, 2023 and June 30, 2022 consist of the following:

	2023	2022	Depreciable Life - Years
Land	\$ 323,978	\$ 323,978	
Land improvements	1,173,714	1,152,914	5-15
Buildings	8,938,087	8,347,262	30-40
Furnishings, fixtures, and equipment	7,804,677	6,419,961	3-10
Construction in progress	90,697	814,710	
Total property and equipment	18,331,153	17,058,825	
Less accumulated depreciation	(13,030,681)	(12,275,198)	
Property and equipment - Net	\$ 5,300,472	\$ 4,783,627	

The Inn's depreciation expense for the years ended June 30, 2023 and 2022 totaled \$755,484 and \$708,058, respectively.

Long-Term Debt - Long-term debt of the Inn as of June 30, 2023 and June 30, 2022 consists of the following:

	2023	2022
Paycheck Protection Program Loan	\$ 143,473	\$ 199,940
Less current portion	(45,970)	(47,117)
Total long-term debt	\$ 97,503	\$ 152,823

Principal payments on the PPP Loan ranging from \$4,200 to \$4,300 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, 2023:

Years Ending	Amount
2024	\$ 45,970
2025	50,632
2026	46,871
Total	\$ 143,473

Notes to Financial Statements (Continued) June 30, 2023 and 2022

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, 2023 and 2022 are summarized below:

	2023	2022
Revenue:		
Interest and dividends	\$ 72,544	\$ 63,440
Realized gain	84,672	126,143
Unrealized gain (loss)	236,792	(1,215,077)
Total income	394,008	(1,025,494)
Expenses:		
Distribution to Foundation	368,809	373,039
Change in net assets	\$ 25,199	\$ (1,398,533)

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.

Notes to Financial Statements (Continued) June 30, 2023 and 2022

Operations – Russ LLCs’ operations for the years ended June 30, 2023 and 2022 are summarized below:

	2023	2022
Revenue:		
Rental income	\$ 801,776	\$ 840,361
Contributed services	321,062	331,014
Gain on property sale	424,508	-
Other income	18,265	-
Total revenues and other support	1,565,611	1,171,375
Expenses:		
Operating and general expenses	809,523	789,282
Depreciation and amortization	9,803	320,314
Real estate taxes	134,661	133,823
Distribution to Foundation	1,292,492	-
Total expenses	2,246,479	1,243,419
Change in net assets	\$ (680,868)	\$ (72,044)

The Russ LLCs routinely enter into operating leases for the purpose of providing office and research space to various tenants. Certain leases include only fixed rent payments, while other leases include both fixed rent payments and additional charges for the tenants’ proportional share of the Russ LLCs’ actual costs related to common area maintenance, property management, real estate taxes, property insurance, and utilities that are not separately metered. Individual tenants’ proportional share of these costs is based on square footage of the leased space. For the fiscal year ended June 30, 2023, rental income included fixed rent payments totaling \$612,351 and additional charges totaling \$189,425. During the fiscal year ended June 30, 2023, rental income also included fixed rent payments from Ohio University, a related party, totaling \$3,672.

All Russ LLC assets subject to operating lease agreements are presented as Assets held for sale on the Statements of Financial Position.

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 several recent fiscal years. 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

Notes to Financial Statements (Continued) June 30, 2023 and 2022

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, 2023, 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. Because management believed that the Center would be sold during the fiscal year ended June 30, 2023, the majority of the Center's fixed assets were reclassified from Property and equipment – net to Assets held for sale in the accompanying Statements of Financial Position, effective during the year ended June 30, 2022.

The buyer withdrew from the September 2022 purchase and sale agreement prior to the property sale closing, and the Center resumed marketing the property for sale. During August 2023, the Center executed a new purchase and sale agreement with a different prospective buyer. Because management believes that the Center will be sold during the fiscal year ended June 30, 2024, the majority of the Center's fixed assets continue to be classified as Assets held for sale in the accompanying Statements of Financial Position.

Property and Equipment - Property and equipment of the Russ LLCs as of June 30, 2023 and June 30, 2022 consist of the following:

	2023	2022	Depreciable Life - Years
Land	\$ -	\$ 875,492	
Machinery and equipment	90,183	90,183	5-10
Total property and equipment	90,183	965,675	
Less accumulated depreciation	(58,744)	(48,941)	
Property and equipment - Net	\$ 31,439	\$ 916,734	

The Russ LLCs' depreciation expense for the years ended June 30, 2023 and 2022 totaled \$9,803 and \$320,314, respectively.

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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.

Operations – Real Estate LLCs' operations for the years ended June 30, 2023 and 2022 are summarized below:

	2023	2022
Revenue:		
Rental income	\$ 148,837	\$ 71,232
Interest income	1,381	-
Gain on property sale	320,336	-
Other income	1,735	-
Transfers from the Foundation	-	2,666,544
Total revenues and other support	472,289	2,737,776
Expenses:		
Operating and general expenses	39,714	33,872
Depreciation	76,627	43,879
Real estate taxes	8,330	12,129
Distribution to Foundation	87,470	18,107
Total expenses	212,141	107,987
Change in net assets	\$ 260,148	\$ 2,629,789

The Real Estate LLC has entered into several operating leases for the purpose of providing office space, a parking lot, and a personal residence to various tenants. Leases include only fixed rent payments, and all tenants are related parties. For the fiscal year ended June 30, 2023, rental income included \$100,512 from leases with the Foundation and \$48,325 from leases with Ohio University. All transactions between the Foundation and the Real Estate LLC have been eliminated on the accompanying consolidated financial statements.

Notes to Financial Statements (Continued) June 30, 2023 and 2022

Property and Equipment - Property and equipment of the Real Estate LLC as of June 30, 2023 and June 30, 2022 consist of the following:

	2023	2022	Depreciable Life - Years
Land	\$ 831,741	\$ 1,261,404	
Buildings	2,060,112	2,060,112	30-40
Total property and equipment	2,891,853	3,321,516	
Less accumulated depreciation	(764,197)	(687,570)	
Property and equipment - Net	<u>\$ 2,127,656</u>	<u>\$ 2,633,946</u>	

The Ohio University Foundation Real Estate LLC's depreciation expense for the years ended June 30, 2023 and 2022 totaled \$76,627 and \$43,879, respectively.

Assets subject to operating lease agreements total \$1,822,518 and are presented as Property and equipment - Net on the Statements of Financial Position. For the fiscal year ended June 30, 2023, this included land, buildings and accumulated depreciation of \$526,603, \$2,060,112 and \$764,197, respectively.

Required Supplementary Information

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					
2023	0.704%	\$ 156,480,355	\$ 72,928,923	214.6%	78.9%
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					
2023	0.739%	\$ 219,692,359	\$ 121,755,106	180.4%	76.1%
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					
2023	\$ 12,032,113	\$ 12,032,113	\$ -	\$ 70,847,781	17.0%
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					
2023	\$ 18,791,214	\$ 18,791,214	\$ -	\$ 127,012,404	14.8%
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 2023 or 2022.

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					
2023	0.704%	\$ (18,226,606)	\$ 72,928,923	-25.0%	230.7%
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					
2023	0.729%	\$ 4,597,115	\$ 121,755,106	3.8%	94.8%
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					
2023	\$ -	\$ -	\$ -	\$ 70,847,781	0.0%
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					
2023	\$ -	\$ -	\$ -	\$ 127,012,404	0.0%
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%.

Required Supplementary Information (Continued)

During the plan year ended June 30, 2022, salary increases changed from 2.5% - 12.5% to 2.5% - 8.5%, the experience study date changed from a period of 5 years ended June 30, 2016 to 5 years ended June 30, 2021, and the mortality basis made many changes including changing from using annuitant and disabled mortality table RP-2014 to Pub-2010 and MP-2020.

- **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.

During the plan year ended December 31, 2022, the mortality basis made many changes including changing from using annuitant and disabled mortality table RP-2014 to Pub-2010 and MP-2020.

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.

Required Supplementary Information (Continued)

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.

During the plan year ended June 30, 2022, salary increases changed from 2.5% - 12.5% to

2.5% - 8.5%, the experience study date changed from a period of 5 years ended June 30, 2016 to 5 years ended June 30, 2021, the mortality basis made many changes including changing from using annuitant and disabled mortality table RP-2014 to Pub-2010 and MP-2020 and health care cost trend rates changed from -16.18% to 29.98% initial, 4.0% ultimate to -68.78% to -5.47% initial, 3.94% 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.

During the plan year ended December 31, 2022, the discount rate changed from 6.0% to 5.22%, and the mortality basis made many changes including changing from using annuitant and disabled mortality table RP-2014 to Pub-2010 and MP-2020.

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 discretely presented component unit of Ohio University, a component unit of the State of Ohio, as of and for the year ended June 30, 2023, 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 16, 2023.

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 or significant deficiencies may exist that have not been identified.

(Continued)

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

Crowe LLP

Columbus, Ohio
October 16, 2023

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, 2023. 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, 2023.

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

(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.

Government Auditing Standards requires the auditor to perform limited procedures on Ohio University's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Ohio University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Crowe LLP

Crowe LLP

Columbus, Ohio
October 16, 2023

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

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	P007A223342	\$ -	\$ 1,605,958
Federal Work-Study Program	84.033	P033A223342	-	942,328
Federal Perkins Loans Outstanding	84.038	UNKNOWN	-	3,704,744
Federal Pell Grant Program	84.063	P063P210345/220345/230345	-	24,425,238
		P268K220345/230345/240345		
Federal Direct Student Loan	84.268	P268K226641	-	167,114,654
Teacher Education Assistance for College and Higher Education Grants	84.379	P379T220345/230345	-	2,032,278
Total Department of Education			-	199,825,200
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
Disadvantaged Student Loans Outstanding	93.342	UNKNOWN	-	3,387,202
Primary Care Loans (HPSL) Outstanding	93.342	UNKNOWN	-	2,826,911
Total Department of Health and Human Services			-	6,214,114
TOTAL STUDENT AID CLUSTER			-	206,039,314
RESEARCH AND DEVELOPMENT CLUSTER				
DEPARTMENT OF AGRICULTURE				
Direct Programs:				
U S DEPARTMENT OF AGRICULTURE	10.001	59-8040-9-001	-	58,504
U S DEPARTMENT OF AGRICULTURE	10.001	58-5020-1-009	-	15,802
U S DEPARTMENT OF AGRICULTURE	10.001	58-8020-1-008	-	12,375
U S DEPARTMENT OF AGRICULTURE	10.326	2022-70001-37578	7,699	21,756
Pass-Through Programs From:				
FLORIDA INSTITUTE OF TECHNOLOGY	10.310	GR-232437	-	30,287
Total Department of Agriculture			7,699	138,724
DEPARTMENT OF COMMERCE				
Direct Programs:				
National Oceanic & Atmospheric Administration				
NATIONAL OCEANIC & ATMOSPHERIC ADMINISTRATION	11.431	NA22OAR4310236	7,356	23,091
National Institute of Standards and Technology				
NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY	11.609	70NANB22H155	-	44,837
Pass-Through Programs From:				
ASSOCIATION OF PUBLIC AND LAND GRANT UNIVERSITIES (APLU)	11.620	2113-1	41,234	57,754
Total Department of Commerce			48,589	125,682
DEPARTMENT OF DEFENSE				
Direct Programs:				
US Army				
U S ARMY MEDICAL RESEARCH AND MATERIAL COMMAND	12.420	W81XWH1810707	-	191,781
Pass-Through Programs From:				
WRIGHT STATE UNIVERSITY	12.910	671100-1	-	316,993
Total Department of Defense			-	508,774
DEPARTMENT OF TRANSPORTATION				
Pass-Through Programs From:				
EL ROBINSON ENGINEERING	20.205	34652	-	20,685
EL ROBINSON ENGINEERING	20.205	34652	-	5,533
EL ROBINSON ENGINEERING	20.205	34652	-	33,581
EL ROBINSON ENGINEERING	20.205	34652	-	127
OHIO DEPARTMENT OF TRANSPORTATION	20.205	34654	14,505	96,244
OHIO DEPARTMENT OF TRANSPORTATION	20.205	34884	21,080	28,289
OHIO DEPARTMENT OF TRANSPORTATION	20.205	34883	29,122	133,920
OHIO DEPARTMENT OF TRANSPORTATION	20.205	37847	16,141	51,150
OHIO DEPARTMENT OF TRANSPORTATION	20.205	36805	19,007	62,059
OHIO DEPARTMENT OF TRANSPORTATION	20.205	37361	22,168	108,034
OHIO DEPARTMENT OF TRANSPORTATION	20.205	34878	4,154	68,124
APPLIED RESEARCH ASSOCIATES	20.205	S-005120-UOHI	-	13,550
THE OHIO STATE UNIVERSITY	20.205	GR127264	-	17,860
WEST VIRGINIA UNIVERSITY	20.205	21-431-OU	-	40,626
NATIONAL ACADEMY OF SCIENCES	20.205	HR 20-05	1,442	17,602

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2023

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
Total Department of Transportation			126,176	697,387
DEPARTMENT OF EDUCATION				
Direct Programs:				
U S DEPARTMENT OF EDUCATION	84.200A	P200A220118	-	23,238
U S DEPARTMENT OF EDUCATION	84.200A	P200A210095	-	101,565
U S DEPARTMENT OF EDUCATION	84.200A	P200A210072	-	117,965
U S DEPARTMENT OF EDUCATION	84.305A	R305A210224	155,572	603,876
U S DEPARTMENT OF EDUCATION	84.305A	R305A210323	-	481,630
U S DEPARTMENT OF EDUCATION	84.324A	R324A190154	1,842	816,279
Pass-Through Programs From:				
OHIO STATE UNIVERSITY	84.305B	60078065	-	42,342
UNIVERSITY OF TEXAS-ARLINGTON	84.423A	A19-003-S001	-	15,384
Total Department of Education			157,414	2,202,280
DEPARTMENT OF ENERGY				
Direct Programs:				
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-93ER40756	-	386,686
U S DEPARTMENT OF ENERGY	81.049	DE-SC00-23241	-	15,555
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-88ER40387	-	597,906
U S DEPARTMENT OF ENERGY	81.049	DE-FG02-06ER46317	-	250,028
U S DEPARTMENT OF ENERGY	81.049	DE-SC0019042	-	31,328
U S DEPARTMENT OF ENERGY	81.049	DE-SC0019091	-	237,511
U S DEPARTMENT OF ENERGY	81.049	DE-SC0020231	-	118,102
U S DEPARTMENT OF ENERGY	81.057	DE-FE0032078	52,104	67,237
U S DEPARTMENT OF ENERGY	81.086	DE-EE0009502	-	552,443
U S DEPARTMENT OF ENERGY	81.089	DE-FE0031809	58,529	65,820
U S DEPARTMENT OF ENERGY	81.089	DE-FE0031981	-	96,867
U S DEPARTMENT OF ENERGY	81.089	DE-FE0031982	30,070	195,857
U S DEPARTMENT OF ENERGY	81.089	DE-FE0032143	7,358	264,615
U S DEPARTMENT OF ENERGY	81.089	DE-FE0032144	33,170	288,870
U S DEPARTMENT OF ENERGY	81.089	DE-FE0032258	-	50,748
U S DEPARTMENT OF ENERGY	81.089	DE-FE0032277	-	11,721
U S DEPARTMENT OF ENERGY	81.112	DE-NA0003883	-	161,575
U S DEPARTMENT OF ENERGY	81.112	DE-NA0004073	-	185,489
Pass-Through Programs From:				
STATE UNIVERSITY OF MICHIGAN	81.049	RC104899 - OU	-	156,758
PACIFIC NORTHWEST NATIONAL LABORATORY	81.049	632880	-	46,456
TRITON SYSTEMS INC	81.049	TSI-5073-22-20209448	-	45,000
Total Department of Energy			181,231	3,826,573
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
National Institutes of Health				
NATIONAL INSTITUTES OF HEALTH	93.113	1R15ES030140-01	-	39,100
NATIONAL INSTITUTES OF HEALTH	93.113	1R01ES030425-03	-	249,971
NATIONAL INSTITUTES OF HEALTH	93.113	9R15ES029723-02A1	-	156,205
NATIONAL INSTITUTES OF HEALTH	93.172	1R15HG009972-01	-	44,803
NATIONAL INSTITUTES OF HEALTH	93.172	2R15HG009972-02	-	46,874
NATIONAL INSTITUTES OF HEALTH	93.173	1R15DC07616-01A1	-	81,287
NATIONAL INSTITUTES OF HEALTH	93.173	1R15DC017032-01A1	-	131,431
NATIONAL INSTITUTES OF HEALTH	93.242	1R15MH116311-01A1	-	(2,515)
NATIONAL INSTITUTES OF HEALTH	93.242	1R15MH128703-01	-	83,885
NATIONAL INSTITUTES OF HEALTH	93.242	1R15MH125289-01A1	-	116,657
NATIONAL INSTITUTES OF HEALTH	93.273	1F31AA028721-01A1	-	4,984
NATIONAL INSTITUTES OF HEALTH	93.279	1R34DA055228-01A1	68,279	177,858
NATIONAL INSTITUTES OF HEALTH	93.279	1R34DA057160-01	32,971	139,349
NATIONAL INSTITUTES OF HEALTH	93.307	1R01MD012579-01A1	307,921	551,741
NATIONAL INSTITUTES OF HEALTH	93.837	1R15HL133885-01A1	-	(7,051)
NATIONAL INSTITUTES OF HEALTH	93.846	1R01AR077248-01A1	52,999	100,565
NATIONAL INSTITUTES OF HEALTH	93.846	1R15AR080813-01	-	71,217
NATIONAL INSTITUTES OF HEALTH	93.847	1R15DK118611-01	-	867
NATIONAL INSTITUTES OF HEALTH	93.847	2R01DK054254-15A1	-	466,530
NATIONAL INSTITUTES OF HEALTH	93.847	1R15DK121247-01	-	15,268
NATIONAL INSTITUTES OF HEALTH	93.847	1R01DK124126-01A1	-	417,124
NATIONAL INSTITUTES OF HEALTH	93.847	1R25DK122952-01A1	-	55,299
NATIONAL INSTITUTES OF HEALTH	93.853	1R15NS111376-01	-	46,706
NATIONAL INSTITUTES OF HEALTH	93.853	1R15NS115080-01A1	-	213,086

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2023

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
NATIONAL INSTITUTES OF HEALTH	93.853	R21NS130256	-	41,242
NATIONAL INSTITUTES OF HEALTH	93.855	1R01AI143743-01	-	282,064
NATIONAL INSTITUTES OF HEALTH	93.855	1R15AI147238-01A1	-	125,573
NATIONAL INSTITUTES OF HEALTH	93.855	1R21AI156391-01	-	129,089
NATIONAL INSTITUTES OF HEALTH	93.855	1R03AI164436-01	-	65,260
NATIONAL INSTITUTES OF HEALTH	93.855	1R13AI176858-01	-	6,460
NATIONAL INSTITUTES OF HEALTH	93.859	2R15GM110602-02	-	107,814
NATIONAL INSTITUTES OF HEALTH	93.859	1R15GM132841-01	-	82,618
NATIONAL INSTITUTES OF HEALTH	93.865	1R15HD101984-01	-	23,901
NATIONAL INSTITUTES OF HEALTH	93.865	1R21HD108761-01A1	-	45,006
NATIONAL INSTITUTES OF HEALTH	93.866	1R01AG044424-01A1	18,970	146,298
NATIONAL INSTITUTES OF HEALTH	93.866	1R01AG059779-01	-	533,482
NATIONAL INSTITUTES OF HEALTH	93.866	1R15AG065925-01A1	-	120,037
NATIONAL INSTITUTES OF HEALTH	93.866	1F32AG069358-01	-	72,742
NATIONAL INSTITUTES OF HEALTH	93.866	1R01AG067758-01A1	709,534	1,088,196
NATIONAL INSTITUTES OF HEALTH	93.866	1R15AG073922-01	-	21,829
Centers for Disease Control and Prevention				
CENTERS FOR DISEASE CONTROL AND PREVENTION	93.262	5T03OH009841-11-00	-	72,043
Pass-Through Programs From:				
UNIVERSITY OF MARYLAND	93.103	111830-Z0443201	-	21,645
ICAHN SCHOOL OF MEDICINE MOUNT SINAI	93.173	0255-G771-4609	-	9,568
OHIO STATE UNIVERSITY	93.279	GR122571	-	106,682
COLUMBIA UNIVERSITY	93.242	GG014146	-	16,040
ICAHN SCHOOL OF MEDICINE MOUNT SINAI	93.393	0255-F271-4609	-	31,274
ICAHN SCHOOL OF MEDICINE MOUNT SINAI	93.393	0255-F251-4609	-	9,166
BOSTON UNIVERSITY	93.837	4500002694	-	76,423
EMORY UNIVERSITY	93.846	A605559	-	67,891
ARIZONA STATE UNIVERSITY	93.847	ASUB00000810	-	24,754
ASAKE BIOTECHNOLOGY	93.847	R41DK131839OU	-	77,493
WESTERN UNIVERSITY OF HEALTH SCIENCES	93.847	2017C-PETERFY-OHIOUNIV	-	118,000
UNIVERSITY OF MARYLAND	93.855	F304806-1	-	11,982
SAINT LOUIS UNIVERSITY	93.859	321232ERS22245	-	96,689
VIRGINIA COMMONWEALTH UNIVERSITY	93.865	FP00009022_SA001	-	85,977
MONTANA STATE UNIVERSITY	93.865	G266-21-W8837	-	20,308
AEIOU SCIENTIFIC LLC	93.866	UNKNOWN	-	128,822
NORTHWESTERN UNIVERSITY	93.866	60054405 OU	-	238,402
MYOLEX INC	93.866	MY2106	-	4,506
OREGON HEALTH AND SCIENCE UNIVERSITY	93.866	KR704768	-	27,743
Total Department of Health and Human Services			<u>1,190,673</u>	<u>7,338,261</u>
DEPARTMENT OF THE INTERIOR				
Direct Programs:				
NATIONAL PARK SERVICE	15.945	P20AC01038	-	2,248
Pass-Through Programs From:				
OHIO DEPARTMENT OF NATURAL RESOURCES	15.252	2023-0328	-	15,277
Total Department of the Interior			<u>-</u>	<u>17,525</u>
DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
FEDERAL AVIATION ADMINISTRATION	20.108	692M152140005	-	152,380
FEDERAL AVIATION ADMINISTRATION	20.XXX	DTFAWA-16-A-80014	-	86,651
FEDERAL AVIATION ADMINISTRATION	20.XXX	693KA8-22-T-00010	-	1,730,838
Pass-Through Programs From:				
UNIVERSITY OF CINCINNATI	20.200	011606-002	-	5,461
Total Department of Transportation			<u>-</u>	<u>1,975,330</u>
ENVIRONMENTAL PROTECTION AGENCY				
Direct Programs:				
U S ENVIRONMENTAL PROTECTION AGENCY	66.808	X1-00E03138	-	62,332
Pass-Through Programs From:				
OHIO ENVIRONMENTAL PROTECTION AGENCY	66.605	EPA01-000005312	-	1,452
Total Environmental Protection Agency			<u>-</u>	<u>63,785</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Direct Programs:				
NASA SHARED SERVICES CENTER	43.001	80NSSC22K0366	-	45,077
NASA SHARED SERVICES CENTER	43.001	80NSSC23K0509	-	552
NASA SHARED SERVICES CENTER	43.007	80NSSC19K1481	121,362	162,293

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2023

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
Pass-Through Programs From:				
SANFORD BURHNHAM MEDICAL DISCOVERY INSTITUTE	43.001	70572-13599-OU	-	52,437
OHIO AEROSPACE INSTITUTES	43.008	UNKNOWN	-	8,500
OHIO AEROSPACE INSTITUTES	43.008	UNKNOWN	-	7,500
OHIO SPACE GRANT CONSORTIUM	43.008	UNKNOWN	-	1,000
Total National Aeronautics and Space Administration			121,362	277,360
NATIONAL ENDOWMENT OF THE ARTS				
Direct Programs:				
NATIONAL ENDOWMENT FOR THE ARTS	45.024	1863418-38-20	-	15,460
Total National Endowment for the Arts			-	15,460
NATIONAL ENDOWMENT FOR THE HUMANITIES				
Pass-Through Programs From:				
STATE LIBRARY OF OHIO	45.310	LS-252478-OLS-22	-	4,999
Total National Endowment for the Humanities			-	4,999
NATIONAL SCIENCE FOUNDATION				
Direct Programs:				
NATIONAL SCIENCE FOUNDATION	47.041	2046095	-	51,590
NATIONAL SCIENCE FOUNDATION	47.041	1836905	-	38,116
NATIONAL SCIENCE FOUNDATION	47.041	1903568	-	18,315
NATIONAL SCIENCE FOUNDATION	47.041	1953311	-	103,457
NATIONAL SCIENCE FOUNDATION	47.049	2107870	-	50,280
NATIONAL SCIENCE FOUNDATION	47.049	1714008	-	19,162
NATIONAL SCIENCE FOUNDATION	47.049	1815079	-	273
NATIONAL SCIENCE FOUNDATION	47.049	1913170	-	55,121
NATIONAL SCIENCE FOUNDATION	47.049	1905238	-	59,010
NATIONAL SCIENCE FOUNDATION	47.049	1948611	-	39,555
NATIONAL SCIENCE FOUNDATION	47.049	2226819	-	4,774
NATIONAL SCIENCE FOUNDATION	47.049	2209199	-	145,101
NATIONAL SCIENCE FOUNDATION	47.049	2004601	394,229	336,724
NATIONAL SCIENCE FOUNDATION	47.049	2012573	-	23,415
NATIONAL SCIENCE FOUNDATION	47.050	1744998	-	48,393
NATIONAL SCIENCE FOUNDATION	47.050	1749504	-	22,881
NATIONAL SCIENCE FOUNDATION	47.070	1703013	-	46,845
NATIONAL SCIENCE FOUNDATION	47.070	1901192	17,962	77,799
NATIONAL SCIENCE FOUNDATION	47.070	1936794	-	39,645
NATIONAL SCIENCE FOUNDATION	47.074	2135448	-	67,800
NATIONAL SCIENCE FOUNDATION	47.074	1656765	-	2,420
NATIONAL SCIENCE FOUNDATION	47.074	2117446	-	84,931
NATIONAL SCIENCE FOUNDATION	47.074	1750361	-	262,417
NATIONAL SCIENCE FOUNDATION	47.074	1950636	-	66,004
NATIONAL SCIENCE FOUNDATION	47.074	2242717	-	8,861
NATIONAL SCIENCE FOUNDATION	47.075	1638796	-	1,981
NATIONAL SCIENCE FOUNDATION	47.075	1659455	-	34,860
NATIONAL SCIENCE FOUNDATION	47.075	1557082	-	139
NATIONAL SCIENCE FOUNDATION	47.076	2101456	-	247,771
NATIONAL SCIENCE FOUNDATION	47.076	2216197	-	46,889
NATIONAL SCIENCE FOUNDATION	47.076	1758484	-	237,803
NATIONAL SCIENCE FOUNDATION	47.078	2015666	-	1,610
Pass-Through Programs From:				
DESERT RESEARCH INSTITUTE	47.041	GR12849	-	206,629
UNIVERSITY OF CINCINNATI	47.076	013866-00002	-	8,960
UNIVERSITY OF CINCINNATI	47.076	L12-4500093879	-	37,590
Total National Science Foundation			412,192	2,497,121
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			2,246,778.24	19,689,260
<u>ECONOMIC DEVELOPMENT CLUSTER</u>				
DEPARTMENT OF COMMERCE				
Direct Programs:				
ECONOMIC DEVELOPMENT ADMINISTRATION	11.307	06-79-06147	-	3,694
ECONOMIC DEVELOPMENT ADMINISTRATION	COVID-19 - 11.307	06-79-06273	-	374,325
ECONOMIC DEVELOPMENT ADMINISTRATION	COVID-19 - 11.307	06-69-06219	1,096,782	1,115,761
Pass-Through Programs From:				
COALFIELD DEVELOPMENT CORPORATION	11.307	UNKNOWN	-	3,584
THE OHIO STATE UNIVERSITY	11.307	GR130793	-	1,018
TOTAL ECONOMIC DEVELOPMENT CLUSTER			1,096,782	1,498,383

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2023

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
477 CLUSTER				
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through Programs From:				
OHIO ASSOCIATION OF COMMUNITY ACTION AGENCIES (OACAA)	93.569	UNKNOWN	-	55,784
TOTAL 477 CLUSTER			-	55,784
CCDF CLUSTER				
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through Programs From:				
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	COVID-19 - 93.575	UNKNOWN	-	87
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	COVID-19 - 93.575	UNKNOWN	-	96,208
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	COVID-19 - 93.575	UNKNOWN	-	165,884
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	COVID-19 - 93.575	UNKNOWN	-	94,786
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	COVID-19 - 93.575	UNKNOWN	-	78,887
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	COVID-19 - 93.575	UNKNOWN	-	111,205
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	COVID-19 - 93.575	UNKNOWN	-	102,498
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	COVID-19 - 93.575	UNKNOWN	-	76,087
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	COVID-19 - 93.575	UNKNOWN	-	138,509
TOTAL CCDF CLUSTER			-	864,153
MEDICAID CLUSTER				
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through Programs From:				
CASE WESTERN RESERVE UNIVERSITY	93.778	RES516772	-	280,379
THE OHIO STATE UNIVERSITY	93.778	GR123550	137,169	137,169
THE OHIO STATE UNIVERSITY	93.778	GR127486	-	71,632
THE OHIO STATE UNIVERSITY	93.778	GR128166	-	7,277
THE OHIO STATE UNIVERSITY	93.778	GR127416	-	44,945
THE OHIO STATE UNIVERSITY	93.778	GR129797	-	229,539
THE OHIO STATE UNIVERSITY	93.778	GR123487	649,688	1,136,175
TOTAL MEDICAID CLUSTER			786,857	1,907,115
OTHER PROGRAMS				
APPALACHIAN REGIONAL COMMISSION				
Direct Programs:				
APPALACHIAN REGIONAL COMMISSION	23.002	IS-205524-22	181,534	328,862
APPALACHIAN REGIONAL COMMISSION	23.002	PW-20845-TA-22	-	31,954
APPALACHIAN REGIONAL COMMISSION	23.002	PW-20831	-	16,591
			181,534	377,408
Pass-Through Programs From:				
FOUNDATION FOR APPALACHIAN OHIO	23.002	SEE-I-1	-	177,549
			-	177,549
EAST TENNESSEE STATE UNIVERSITY	23.011	22-127-1-S8.1	-	5,000
Total Appalachian Regional Commission			181,534	559,957
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Pass-Through Programs From:				
OHIO COMMISSION ON SERVICE AND VOLUNTEERISM	94.006	22ESC-1502-23-OC068	-	377,061
OHIO COMMISSION ON SERVICE AND VOLUNTEERISM	94.006	19ESH-1502-22-OC068	-	15,074
Total Corporation for National and Community Service			-	392,135
DEPARTMENT OF AGRICULTURE				
Direct Programs:				
U S DEPARTMENT OF AGRICULTURE	10.351	41-005-260238852	-	25,531
U S DEPARTMENT OF AGRICULTURE	10.351	41-005-260238852	-	84,468
Total Department of Agriculture			-	109,998
DEPARTMENT OF COMMERCE				
Direct Programs:				
ECONOMIC DEVELOPMENT ADMINISTRATION	11.023	ED21HDQ0230003	8,000	83,430
Pass-Through Programs From:				
BOWLING GREEN STATE UNIVERSITY	11.303	10011064-OU	-	90,638
Total Department of Commerce			8,000	174,068
DEPARTMENT OF DEFENSE				

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2023

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
Pass-Through Programs From:				
OHIO DEVELOPMENT SERVICES AGENCY	12.002	PTAG20220525	-	309,246
OHIO DEVELOPMENT SERVICES AGENCY	12.002	UNKNOWN	-	221,528
Total Department of Defense			-	530,774
DEPARTMENT OF EDUCATION				
Direct Programs:				
U S DEPARTMENT OF EDUCATION	84.336S	U336S190027	-	325,961
Pass Through Programs From:				
OHIO DEPARTMENT OF HIGHER EDUCATION	84.002A	UNKNOWN	-	217,859
LOGAN HOCKING LOCAL SCHOOLS	84.184G	UNKNOWN	-	36,920
LOGAN HOCKING LOCAL SCHOOLS	84.184G	UNKNOWN	-	12,412
MUSKINGUM VALLEY EDUCATIONAL SERVICE CENTER	84.184H	ASL0521	-	85,098
			-	134,431
ALEXANDER LOCAL SCHOOL DISTRICT	84.287	UT19136	-	63,702
ALEXANDER LOCAL SCHOOL DISTRICT	84.287	UT19136	-	15,484
ATHENS CITY SCHOOL DISTRICT	84.287	UT18278	-	17,196
ATHENS CITY SCHOOL DISTRICT	84.287	UT18278	-	61,574
BELPRE CITY SCHOOLS	84.287	UT22205	-	13,774
BELPRE CITY SCHOOLS	84.287	UT22205	-	74,291
BELPRE CITY SCHOOLS	84.287	UT22679	-	129,163
EASTERN LOCAL SCHOOL DISTRICT	84.287	UT22677	-	176,090
FEDERAL HOCKING LOCAL SCHOOL DISTRICT	84.287	UT20673	-	37,983
FEDERAL HOCKING LOCAL SCHOOL DISTRICT	84.287	UT19139	-	51,818
FEDERAL HOCKING LOCAL SCHOOL DISTRICT	84.287	UT19139	-	10,087
FEDERAL HOCKING LOCAL SCHOOL DISTRICT	84.287	UT20673	-	7,251
NELSONVILLE-YORK CITY SCHOOLS	84.287	UT21762	-	16,793
NELSONVILLE-YORK CITY SCHOOLS	84.287	UT21762	-	90,391
SOUTHERN LOCAL SCHOOL DISTRICT (PERRY COUNTY)	84.287	UT19134	-	15,600
SOUTHERN LOCAL SCHOOL DISTRICT (PERRY COUNTY)	84.287	UT20213	-	3,510
SOUTHERN LOCAL SCHOOL DISTRICT (PERRY COUNTY)	84.287	UT20213	-	35,487
			-	820,195
OHIO DEPARTMENT OF HIGHER EDUCATION	84.334	UNKNOWN	-	59,531
NATIONAL WRITING PROJECT CORPORATION	84.411A	07-OH06-2021i3WNTS	-	4,199
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	COVID-19 - 84.425C	2100940	31,498	126,650
THE OHIO STATE UNIVERSITY	COVID-19 - 84.425C	GR126385	-	24,999
PREVENTION FIRST	COVID-19 - 84.425C	UNKNOWN	-	19,834
OHIO DEPARTMENT OF HIGHER EDUCATION	COVID-19 - 84.425U	1266	-	140,426
OHIO DEPARTMENT OF HIGHER EDUCATION	COVID-19 - 84.425U	EDUFAR21	-	118,541
OHIO DEPARTMENT OF HIGHER EDUCATION	COVID-19 - 84.425U	UNKNOWN	-	39,714
OHIO DEPARTMENT OF HIGHER EDUCATION	COVID-19 - 84.425U	EDUFAR21	-	232,464
			31,498	702,629
Total Department of Education			31,498	2,264,805
DEPARTMENT OF ENERGY				
Direct Programs:				
U S DEPARTMENT OF ENERGY	81.214	DE-EM0004147	-	758,251
U S DEPARTMENT OF ENERGY	81.214	DE-EM0005270	-	269,822
Total Department of Energy			-	1,028,072
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
Health Resources and Services Administration				
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.732	T98HP33468	-	341,219
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.732	T26HP39453	-	500,189
			-	841,408
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.912	D04RH31792	12,669	23,866
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.912	GA1RH33529	128,170	142,049
HEALTH RESOURCES AND SERVICES ADMINISTRATION	93.912	H7NRH45748	42,140	87,790
			182,979	253,705
Substance Abuse and Mental Health Services Administration				

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2023

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION	93.243	1H79SP081638	161,590	336,149
Pass Through Programs From:				
OHIO DEPARTMENT OF YOUTH SERVICES	93.092	8AS4010	-	66,696
THE UNIVERSITY OF TOLEDO	93.107	F-2023-12	-	115,300
THE UNIVERSITY OF TOLEDO	93.107	F-2022-09	-	36,032
			-	151,333
FRANKLIN COUNTY PUBLIC HEALTH	93.136	CDCOD2A-113	-	135,276
FRANKLIN COUNTY PUBLIC HEALTH	93.136	CDCOD2A-212-2	-	24,284
HAMILTON COUNTY PUBLIC HEALTH	93.136	CDCOD2A	-	173,943
HAMILTON COUNTY PUBLIC HEALTH	93.136	CDCOD2A-2	-	89,943
			-	423,446
AMERICAN ACADEMY OF DEVELOPMENTAL MEDICINE AND DENTISTRY	93.184	UNKNOWN	-	(10,996)
PACIFIC INSTITUTE	93.211	958	-	4,731
MEIGS COUNTY DEPARTMENT OF HEALTH	COVID-19 - 93.268	UNKNOWN	-	7,124
THE UNIVERSITY OF TOLEDO	COVID-19 - 93.354	F-2023-15	-	16,018
OHIO DEPARTMENT OF HEALTH	93.391	00540011WD0123	-	86,446
PERRY COUNTY HEALTH DEPARTMENT	93.391	UNKNOWN	-	31,606
OHIO DEPARTMENT OF HEALTH	93.426	UNKNOWN	-	3,521
FRANKLIN COUNTY PUBLIC HEALTH	COVID-19 - 93.495	UNKNOWN	-	98,284
JACKSON COUNTY HEALTH DEPARTMENT	COVID-19 - 93.495	UNKNOWN	-	153,502
			-	251,786
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.645	G-2223-06-0078	-	38,324
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.658	G-2223-06-0078	-	22,480
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES	93.667	G-2223-06-0078	-	1,896
NATIONWIDE CHILDREN'S HOSPITAL	93.788	720854-0923-00	-	16,273
PLANNED LIFETIME ASSISTANCE NETWORK-PLAN OF COLUMBUS	93.788	UNKNOWN	-	11,092
PACIFIC INSTITUTE	93.912	1069	-	17,087
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	93.958	2200496	33,330	103,141
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	93.958	2300283	35,481	104,720
OHIO SUICIDE PREVENTION FOUNDATION	93.958	UNKNOWN	6,167	109,950
			74,977	317,811
MANSFIELD URBAN MINORITY ALCOHOLISM AND DRUG ABUSE OUTREACH	COVID-19 - 93.959	UNKNOWN	-	29,915
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	93.959	2300081	-	141,106
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	93.959	2200104	-	40,385
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	COVID-19 - 93.959	336618	546,572	2,556,069
OHIO DEPARTMENT OF MENTAL HEALTH & ADDICTION SERVICES	COVID-19 - 93.959	336618	162,843	245,606
PREVENTION FIRST	COVID-19 - 93.959	UNKNOWN	-	2,412
			709,415	3,015,492
OHIO DEPARTMENT OF HEALTH	93.994	00540011CK0523	-	31,195
Total Department of Health and Human Services			1,128,961	5,934,625
DEPARTMENT OF THE INTERIOR				
Direct Programs:				
NATIONAL PARK SERVICE	15.954	P22AC00150-00	-	2,179
Total Department of the Interior			-	2,179
DEPARTMENT OF JUSTICE				
Pass-Through Programs From:				
MANSFIELD URBAN MINORITY ALCOHOLISM AND DRUG ABUSE OUTREACH	16.812	UNKNOWN	-	27,641
Total Department of Justice			-	27,641

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2023

Federal Agency/Pass-Through Grantor	Assistance Listing Number	Federal /Pass-Through Grant Number	Pass-Through Subrecipients	Expenditures
DEPARTMENT OF STATE				
Pass-Through Programs From:				
AMERICAN COUNCILS FOR INTERNATIONAL EDUCATION DC	19.040	UNKNOWN	-	9,157
ASSOCIATION OF INDEPENDENT PUBLISHERS	19.040	UNKNOWN	-	96,560
AMERICAN COUNCILS FOR INTERNATIONAL EDUCATION DC	19.040	UNKNOWN	-	189
INSTITUTE OF INTERNATIONAL EDUCATION	19.400	3000246117	-	165,794
FHI360	19.421	102658.001.002.001	-	51,316
FHI360	19.421	102658.001.002.001	-	11,803
FHI360	19.421	102658.001.002.001	-	21,407
FHI360	19.421	102738.001.002.003	-	68,581
Total Department of State			-	424,806
DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
FEDERAL AVIATION ADMINISTRATION	COVID-19 - 20.106	3-39-0006-023-2021	-	22,828
FEDERAL AVIATION ADMINISTRATION	COVID-19 - 20.106	3-39-0006-024-2021	-	1,334
FEDERAL AVIATION ADMINISTRATION	COVID-19 - 20.106	3-39-0006-025-2022	-	58,468
				82,630
Pass-Through Programs From:				
OHIO MID-EASTERN GOVERNMENTS ASSOCIATION (OMEGA)	20.205	UNKNOWN	-	7,910
Total Department of Transportation			-	90,540
ENVIRONMENTAL PROTECTION AGENCY				
Pass-Through Programs From:				
OHIO DEPARTMENT OF NATURAL RESOURCES	66.460	DNR01-0000048529	-	21,275
OHIO DEPARTMENT OF NATURAL RESOURCES	66.460	2022-1246	-	102,733
OHIO ENVIRONMENTAL PROTECTION AGENCY	66.485	OU-FDGULF22	10,606	19,945
Total Environmental Protection Agency			10,606	143,953
NATIONAL ENDOWMENT OF THE HUMANITIES				
Direct Programs:				
NATIONAL ENDOWMENT FOR THE HUMANITIES	45.149	PW-285184-22	-	22,364
Pass-Through Programs From:				
OHIO HUMANITIES COUNCIL	45.129	QU22-084	-	7,500
Total National Endowment for the Humanities			-	29,864
SMALL BUSINESS ADMINISTRATION				
Direct Programs:				
U S SMALL BUSINESS ADMINISTRATION	COVID-19 - 59.075	SBAHQ21SV001262.2	-	70,236
Pass-Through Programs From:				
OHIO DEVELOPMENT SERVICES AGENCY	COVID-19 - 59.037	OSBG-20-342	-	10,890
OHIO DEVELOPMENT SERVICES AGENCY	59.037	OSBG-22-324	-	287,714
OHIO DEVELOPMENT SERVICES AGENCY	59.037	OSBG-23-324	-	172,280
Total Small Business Administration			-	541,120
TOTAL OTHER PROGRAMS			1,360,599	12,254,537
GRAND TOTAL FEDERAL AWARDS			\$ 5,491,016	\$ 242,308,546

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

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, 2023. 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, 2023, Ohio University did not receive any nonmonetary assistance.

Note 4 - Adjustments and Transfers

During the year ended June 30, 2023, the University transferred \$752,514 of the 2022-2023 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, 2023 consist of the following:

Cluster/Program Title	Assistance Listing Number	Outstanding Balance
Student Aid Cluster/Federal Perkins Loans Outstanding	84.038	\$ 2,459,632
Student Aid Cluster/Disadvantaged Student Loans Outstanding	93.342	3,061,472
Student Aid Cluster/Primary Care Loans (HPSL) Outstanding	93.342	2,631,810
		<u>\$ 8,152,914</u>

Schedule of Findings and Questioned Costs Year Ended June 30, 2023

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? X Yes None reported

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

Identification of major programs:

ALN Number	Name of Federal Program or Cluster	Opinion
93.778	Medicaid Cluster	Unmodified
11.307	Economic Development Cluster	Unmodified
93.959	Block Grants for Prevention and Treatment of Substance Abuse	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: \$1,088,077

Auditee qualified as low-risk auditee? X Yes No

Section II - Financial Statement Audit Findings

None

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2023

Section III - Federal Program Audit Findings

Finding 2023-001

Federal Program Information:	Block Grants for Prevent and Treatment of Substance Abuse, ALN #COVID-19 - 93.959
Criteria:	Requirements for pass-through-entities of federal awards as it relates to monitoring the activities of its subrecipients as specified in 2 CFR 200.332.
Condition:	The University did not comply with the terms of its subrecipient contracts in which they are required to obtain underlying expenditure detail prior to reimbursing the subrecipients from federal funds.
Context:	The University reimbursed four subrecipients without obtaining the detail of expenses incurred by the subrecipient. Payments were based on a narrative on progress towards the objectives or a prorated amount of the total award was paid to the subrecipient for the month.
Questioned Cost:	\$0
Effect:	Subrecipients received federal funds via the University for expenditures that did not have supporting expenditure detail at the time of reimbursement.
Cause:	The University did not enforce the contracts that they have with subrecipients, which state that cost detail must be submitted with each invoice. Final reporting requires expenditure detail to be provided by the subrecipient upon the completion of the contract period, however these subcontractors had not yet reached that milestone.
Repeat Finding:	No
Recommendation:	Crowe recommends the University require all subrecipients to submit cost detail that supports their request for reimbursement, as stated in the subrecipient agreements
Views of responsible officials and planned corrective actions:	Ohio University issued a stop work order to the subrecipient and are actively working with them to address the issue and bring them into compliance with the subaward agreement terms and conditions. In addition, the Office of Research and Sponsored Programs and Finance are working closely together to assess the training information and provide additional resource tools/templates for principal investigators on how to properly monitor their subrecipients.

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OHIO AUDITOR OF STATE KEITH FABER



OHIO UNIVERSITY

ATHENS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/5/2023

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