

University of Cincinnati

A Component Unit of the State of Ohio

Office of Management and Budget

Circular A-133 Reports for the
Year Ended June 30, 2013

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Independent Auditor's Report on Financial Statements and Supplementary Information

Board of Trustees
University of Cincinnati
Cincinnati, Ohio

Report on the Financial Statements

We have audited the accompanying basic financial statements of the University of Cincinnati (University) and its discretely presented component unit, collectively a component unit of the State of Ohio, which are comprised of a statement of net position as of June 30, 2013, and a statement of revenues, expenses and changes in net position and statement of cash flows for the year then ended and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the University of Cincinnati Foundation, a discretely presented component unit of the University, which statements reflect total assets of \$366,514,000 as of June 30, 2013, and total revenues of \$102,508,000 for the year then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as they relate to the amounts included for the University of Cincinnati Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the University and of its discretely presented component unit as of June 30, 2013, and the respective changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the University's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University and its discretely presented component unit's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as listed in the table of contents, 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 information 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 11, 2013, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

BKD, LLP

Cincinnati, Ohio
October 11, 2013

Management's Discussion and Analysis

Introduction

The following discussion and analysis provides an overview of the financial position of the University of Cincinnati (the "University") as of and for the year ended June 30, 2013, with comparative information as of and for the year ended June 30, 2012. Comments relate to the University and University Heights Community Urban Redevelopment Corporation (UHCURC), a blended component unit of the University. Comments do not pertain to the University's discretely presented component unit, The University of Cincinnati Foundation (the Foundation). The Foundation's financial results are presented in a columnar format with further information found in the notes to the financial statements. This overview has been prepared by management and should be read in conjunction with the financial statements and the notes that follow this section.

The University originated in 1819 and was city owned until becoming a state university on July 1, 1977. The University is a comprehensive public institution of higher learning with approximately 43,000 students and 4,400 faculty members on three campuses. Among the University's student population is more than 2,800 international students – over 1,000 of them undergraduates from 46 different nations. The University offers a diverse range of degree programs from baccalaureate to post-doctoral levels through 14 colleges. University campuses include Uptown Campus, UC Blue Ash, and UC Clermont with student populations of 81%, 11%, and 8%, respectively. The University, in total, employs approximately 14,000 people, making it one of the largest employers in the Cincinnati region.

In 2013, the University successfully converted from a quarter to a semester calendar system. The advantages of a semester calendar include: expanding academic depth, ease of student transfers, and job-market opportunities. The main academic advantage is that it increases opportunities for in-depth teaching, classroom projects and collaborative research. Transferring students in and out of University programs from other national institutions will also be easier since 90% of other national institutions follow the semester system. The semester system allows students to graduate earlier in the calendar year creating "first-mover" advantages when entering the job market.

The University has been designated by the Ohio Board of Regents as one of only two comprehensive graduate public universities in the state. The National Science Foundation ranks the University as one of the nation's top 30 public research universities. The University is also classified as a "very high" research university by the Carnegie Commission and ranked as one of America's top public research universities.

According to America's Best Colleges Guide, published by US News & World Report, the University is positioned among America's best national universities and has improved 21 places in the overall rankings. The University's rise in the rankings has been spurred by improved graduation rates, improved retention of first-year students, and increased alumni giving. Additionally, the University was listed for the seventh year in a row among the best institutions for an undergraduate education in Princeton Review's - The Best 378 Colleges. The University scored strongly in quality of life, sustainability efforts, a wide array of undergraduate majors, a diverse student body, easy registration, and great libraries. The University was also ranked no. 1 by PolicyMic.com for providing the best return to students and families for tuition payments in the nation. The website cited improving graduation rates and salaries for recent graduates.

The University is an institution with a rich history in discovery and innovation. Seven University faculty members have been named Fulbright scholars. Additionally, 11 University faculty members have been named Ohio Eminent Scholars in fields from medicine to molecular genetics to music. Research funding totaling \$405 million was awarded to the University and its affiliates. Affiliates include Cincinnati Children's Hospital Medical Center, Cincinnati Department of Veterans Affairs Medical Center, Shriners Hospitals for Children-Cincinnati, and UC Physicians' clinical trials. From the organic form at the lab bench to the lines on a drafting table, research at the University assumes many shapes, sizes, and even sounds. Discovery at the University is wide-ranging, from basic, clinical and translational research, to creative works and performance.

Financial Highlights

The University's "Proudly Cincinnati: Tower of Strength, Rock of Truth" campaign concluded on June 30, 2013, with more than \$1.09 billion raised from 100,672 donors. The \$1 billion campaign was launched publically in 2008 and is the most ambitious campaign to date. The impact of the campaign is evident all around the University through boldly designed facilities by signature architects, to nationally and internationally ranked programs, to record-breaking support for the University's innovative research.

For the sixth year in a row, the University's unrestricted net position has increased. During 2013, unrestricted net position increased from \$100 million to \$167 million, an increase of \$67 million. The increase is a result of improved student retention and increased enrollment coupled with cost containment initiatives.

While many universities are challenged to meet their enrollment targets, the University welcomed the largest student body in its history in August 2013 for the fall semester with a total of 42,656 students. Enrollment compared to the previous fall term increased by 1.6 percent.

Operating revenues continue to increase mainly due to increases in student tuition and fee revenue. This increase is due, in part, to improvements in retention rates. In 2013 and 2012, operating revenues totaled \$782 million and \$741 million, respectively; reflecting an increase of \$41 million in 2013. Conversely, operating expenses increased at a constrained pace from \$991 million in 2012 to \$1.024 billion in 2013, an increase of \$33 million.

Net investment income increased notably from \$27 million in 2012 to \$85 million in 2013, an increase of \$58 million. The increase was attributable to improved national and global markets along with strategic investment management. Fund A, the University's actively managed investment pool, achieved an annual return of 10.2%.

The University's long-term bond rating remained stable during 2013. In fiscal year 2012, both Moody's and Standard & Poor's increased the University's long-term bond rating. Moody's increased the rating from A1 (positive outlook) to Aa3 (stable outlook). Standard & Poor's increased its rating from A+ (stable outlook) to AA- (stable outlook). The rating increases came after an extensive review of the University's financial activities, strategic plans, and future prospects.

Using the Financial Statements

The University's financial report includes three financial statements and related notes:

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

These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities. These principles require that financial statements focus on the University as a whole, with resources classified for accounting and reporting purposes into four net position categories.

Reclassifications

Certain amounts from the prior year have been reclassified to conform to the current-year presentation. These reclassifications had no effect on the change in net position.

Statement of Net Position

The Statement of Net Position reflects the total assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (equity) of the University as of June 30, 2013, with comparative information as of June 30, 2012. Liabilities due within one year and assets available to pay those liabilities are classified as current. Other assets and liabilities are classified as noncurrent. Investment assets are carried at fair value. Capital assets are separated into two lines on the statement: those assets that are depreciated and those that are not depreciated. Items that are depreciated include buildings, equipment, infrastructure, land improvements, and library books. Items that are not depreciated include land, construction in progress, art, and rare book collections. There is no requirement to fund the accumulated depreciation. Instead, capital assets are largely funded by state capital appropriations, issuance of debt, and gifts from various donors. A summary of the University's net financial position at June 30, 2013, and 2012 follows:

Summary Statement of Net Position

| (in thousands) | 2013 | 2012 | Increase/(Decrease) | |
|--|-------------|-------------|---------------------|---------|
| | | | Amount | Percent |
| Current assets | \$251,900 | \$333,655 | (\$81,755) | -24.5% |
| Noncurrent assets | | | | |
| Investments | 264,692 | 160,609 | 104,083 | 64.8% |
| Endowment investments | 524,389 | 507,224 | 17,165 | 3.4% |
| Accounts and notes receivable and other assets | 27,772 | 29,269 | (1,497) | -5.1% |
| Investment in UC Health | 420,645 | 420,645 | - | 0.0% |
| Capital assets, net of depreciation | 1,466,366 | 1,460,382 | 5,984 | 0.4% |
| Total assets | 2,955,764 | 2,911,784 | 43,980 | 1.5% |
| Current liabilities | 273,349 | 332,195 | (58,846) | -17.7% |
| Noncurrent liabilities | 1,067,263 | 1,074,427 | (7,164) | -0.7% |
| Total liabilities | 1,340,612 | 1,406,622 | (66,010) | -4.7% |
| Net position | \$1,615,152 | \$1,505,162 | \$109,990 | 7.3% |

Current Assets

Current assets consist primarily of cash and cash equivalents, short-term investment of operating funds and debt proceeds to be used for capital improvements, and accounts and notes receivable. Current assets decreased by \$82 million in 2013. The decrease in current assets during 2013 was a result of the University extending the maturity dates for operating funds past the one-year threshold for current assets while allowing for sufficient liquidity. The University invests its operating funds and borrowed proceeds to provide, in order of priority, safety of principal, liquidity, and maximum total return consistent with safety and liquidity.

Noncurrent Assets

Investments

Investments (excluding endowment investments) at June 30, 2013, totaled \$265 million, an increase of \$104 million from June 30, 2012. The increase in investments is mainly due to the maturity dates being extended, thus additional investments being classified as noncurrent versus current. Funds are invested in the University's temporary investment pool which had a weighted average maturity of 1.95 years at June 30, 2013, an increase from 1.3 years at June 30, 2012. Investments with a maturity date less than one year after June 30, 2013, are classified as current.

Endowment Investments

The University's endowment totaled \$1.046 billion at June 30, 2013. The endowment includes Fund A (actively managed pooled investments), Fund B (certain real estate), separately invested assets, and beneficial interests in irrevocable trusts. Below is a summary of the market value for each category of the University's endowment:

| (in thousands) | 2013 | 2012 | Increase/(Decrease) | |
|--|-------------|-----------|---------------------|---------|
| | | | Amount | Percent |
| Fund A (University's share) | \$510,453 | \$493,714 | \$16,739 | 3.4% |
| Fund A (Foundation's share) | 232,808 | 210,209 | 22,599 | 10.8% |
| Total Fund A | 743,261 | 703,923 | 39,338 | 5.6% |
| Fund B | 831 | 831 | - | 0.0% |
| Separately Invested | 47,570 | 41,616 | 5,954 | 14.3% |
| Beneficial Interests in Irrevocable Trusts | 253,944 | 231,423 | 22,521 | 9.7% |
| Total Endowment Investments | \$1,045,606 | \$977,793 | \$67,813 | 6.9% |

Those amounts in the table above that are recorded on the University's Statement of Net Position include the University's share of Fund A (excluding a \$17 million loan to UHCURC), Fund B, and separately invested funds. These investments total \$542 million. Of the \$542 million, \$524 million is recorded as noncurrent endowment investments and \$18 million is included in cash and cash equivalents and accounts receivable.

Endowment funds consist of both permanent endowments and funds functioning as endowment (quasi-endowments and term endowments). Permanent endowments are funds received from donors with the stipulation that the principal remain inviolate and be invested in perpetuity to produce income that is expended for a specific purpose. Funds functioning as endowment consist of amounts (restricted gifts or unrestricted funds) that have been allocated by the University for long-term investment purposes, but are not limited by donor stipulations requiring the University to preserve principal in perpetuity. Programs supported by endowment funds include scholarships, fellowships, professorships, research efforts, and other major programs and activities.

Fund A, the University's principal investment pool, increased in 2013 from \$704 million to \$743 million, an increase of \$39 million (6%). The increase is net of the 5% endowment spending distribution plus a fundraising fee allocation provided to the Foundation. Excluding Neighborhood Development Corporation loans of \$61 million, Fund A consists of approximately 24% U. S. equities, 15% fixed income and cash, 18% absolute return hedge funds, and 43% other investments, including private equity and real estate.

The University manages the endowment to support current operations in a way that generates a predictable stream of support while maintaining the purchasing power of endowment funds adjusted for inflation. The spending policy provides for annual distributions of 5% of the three-year quarterly moving-average market value of assets in the investment pool. The annual distribution has been reduced to 4.75% for fiscal year 2014.

The University is the beneficiary of numerous trusts held and administered by external trustees. The market value of these external trustee assets totaled \$254 million and \$231 million as of June 30, 2013, and June 30, 2012, respectively. These external trusts are irrevocable, and the University has a vested beneficial interest in the net income payable by the trusts. In accordance with GASB, these external trust assets are not recorded on the University's Statement of Net Position. Income is received annually and recorded on the University's Statement of Revenues, Expenses, and Changes in Net Position. The University received income of \$8.2 million and \$7.4 million in 2013 and 2012, respectively. Income from the trusts will continue to be received in perpetuity.

Endowment investments recorded in the University's column of the financial report exclude both the Foundation's share of Fund A and the University's beneficial interests in irrevocable trusts.

Investment in UC Health

The University's interest in UC Health is valued at \$421 million. The University's value for its investment is based on the cost method of accounting as of July 1, 2011. For further discussion of UC Health, please refer to Note 4, Investment in UC Health.

Capital Assets

The University Campus Master Plan 2000 has driven \$2.0 billion of construction projects that transformed the Uptown Campus into a cohesive community that enhances the student, faculty, and staff experiences through improved teaching and research spaces. This additional space addresses recent enrollment growth the University has been privileged to experience plus provide accommodations for future enrollment growth. During 2013, the University completed a campus-wide wireless project to upgrade and expand its wireless network. Wireless coverage is available in all campus buildings and consists of 4,000 access points for an average of nearly 38,000 wireless clients each day.

Campus planners and communities around the country have recognized the significance of the University's physical campus. Noted publications such as the Princeton Review along with national press, New York Times, Los Angeles Times, and Forbes Magazine, have noted the strength of the campus plan and the design excellence of the buildings and other structures that shape the plan. Now ranked as one of the top 10 most beautiful campuses, the University is poised to begin its next physical plan.

The University's strategic and academic plans set the stage for the physical plan that addresses stewardship of existing assets through the use of standards and design guides. The need to replace infrastructure in existing academic buildings is the driver of this plan along with the quest for improved energy efficiency and more flexible and radical use of space. Opportunities for changing classroom teaching and learning patterns will create more highly performing buildings that focus on both function and energy use. The strategy is sustainable and responsible given the recent completion of a major building initiative as well as constrained state and local resources available to fund major construction projects.

Capital asset additions are funded using a combination of state capital appropriations, gifts, debt, federal grants, and University funds. Capital additions totaled \$113 million in 2013 and \$121 million in 2012. Depreciation expense totaled \$101 million in 2013 and \$100 million in 2012. Capital additions are primarily comprised of capital projects that were either completed during the fiscal year or are in the construction or design phase at June 30 of each fiscal year.

Significant capital projects in design or construction

- Nippert Stadium Renovation – \$86 million
- Medical Sciences Building Rehabilitation, Phase 4 – \$90 million
- Morgens Residence Hall Renovation – \$33 million
- DAAP Facade Improvement – \$20 million
- Rieveschl Hall Renovation Phases 5 & 6 (700/800 level research labs) – \$14 million
- Roof replacements
- Facade preservation

In June 2013, the University's Board of Trustees approved an extensive renovation project for the University's football arena, Nippert Stadium. The renovation will include both the west and east concourses. A new west pavilion building of approximately 110,000 SF on 5 levels will be erected. The new pavilion will provide premium seating including club seats, patio seating (loge), and private suites. This additional seating will provide increased capacity for approximately 2,000 fans. The east concourse concession and restroom space will be enlarged by adding a new two story building. The project will not only increase revenue for Athletics through the addition of the premium seating but the overall fan experience will be enhanced due to the improved functionality of the stadium. This \$86 million project will be funded by Athletics, through a combination of planned gifts, private suite commitments, and external debt. The project is scheduled to be ready for the 2015 football season.

Planning related to the physical campus is equally concentrated and in full support of the University's academic mission. Plans will unfold in the context of a comprehensive physical, financial, and academic picture.

Liabilities

Debt

Total debt representing bonds, notes, capital leases, and certificates of participation was \$1.101 billion at June 30, 2013; a decrease of \$52 million from \$1.153 billion at June 30, 2012.

During 2013, the University refunded debt on two occasions to rollover non-permanent debt and to refund fixed rate maturities to reduce future debt service. Total net economic gain to be realized from the refunding activity is \$7.4 million over 19 years (see Note 6 – "Refundings" section).

The University entered into an interest rate swap which became effective May 1, 2009, and is currently associated with Series 2013B Bond Anticipation Notes (BANS). The intent of this derivative instrument is to protect the University against the potential of rising interest rates. The University reevaluated the municipal market and the fair value of the swap in the spring of 2013, and decided to issue new BANS to replace the maturing BANS associated with the swap. This same evaluation process is anticipated to take place in 2014 to determine the optimal refinancing method for the Series 2013B BANS and the outstanding swap. The fair value of the swap at June 30, 2013, was a negative \$3.2 million and is reflected as an interest rate swap liability in the noncurrent liability section of the Statement of Net Position.

The ratings on University debt were maintained by Standard & Poor's (S&P) and Moody's during 2013. S&P's rating on bonds is AA-; the rating on Certificates of Participation (COPS) is A+; and the rating on the notes is SP-1+. S&P's outlook for the University remained at stable during 2013. Moody's rating for bonds is Aa3; the rating for the COPS is A1; and the note rating is MIG1. Moody's outlook for the University remained at stable during 2013.

The University continues to invest in its expansion of research and educational facilities beyond the level provided by state capital appropriations through the issuance of debt. The extensive investment in these facilities is necessary to attract and maintain high quality students, faculty, and research funding in an increasingly competitive environment. The University's future debt financing activity will focus on the Medical Sciences Building rehabilitation, the Nippert Stadium renovation, upgrades of existing facilities and building systems, and the strategic management of the debt portfolio.

Net Position

The four net position categories represent the residual interest in the University's assets and deferred outflows of resources less liabilities and deferred inflows of resources. The University's net position at June 30, 2013 and 2012 is summarized below.

| (in thousands) | 2013 | 2012 | Increase/(Decrease) | |
|--|-------------|-------------|---------------------|---------|
| | | | Amount | Percent |
| Net investment in capital assets | \$403,616 | \$382,974 | \$ 20,642 | 5.4% |
| Restricted for: | | | | |
| Nonexpendable: | | | | |
| Endowment and gifts | 326,344 | 308,439 | 17,905 | 5.8% |
| Investment in UC Health | 420,645 | 420,645 | - | 0.0% |
| Expendable: | | | | |
| Endowment and gifts | 288,720 | 272,920 | 15,800 | 5.8% |
| Other, including debt service, debt proceeds, and capital appropriations | 9,015 | 20,049 | (11,034) | -55.0% |
| Unrestricted | 166,812 | 100,135 | 66,677 | 66.6% |
| Total Net Position | \$1,615,152 | \$1,505,162 | \$109,990 | 7.3% |

Net investment in capital assets represents both the University's non-depreciable and depreciable assets. Non-depreciable assets include land, construction in progress, art, and rare book collections. Depreciable assets include buildings, equipment, land improvements, and infrastructure. The amount included as invested in capital assets is also net of outstanding principal balances of debt attributable to the acquisition, construction, and improvement of those assets. During fiscal year 2013, net investment in capital assets increased by \$21 million. The change was a result of depreciation expense totaling \$101 million offset by additions of \$113 million in 2013 and further offset by related debt reductions.

Restricted nonexpendable net position includes, as a primary component, the University's permanently invested endowment funds. It also includes the University's investment in UC Health.

Restricted expendable net position is subject to externally imposed provisions governing its use. This category of net position mainly includes restricted quasi-endowment funds, unspent expendable endowment funds (available through the endowment spending policy), and gifts. Quasi-endowment funds totaled \$217 million and \$211 million in 2013 and 2012, respectively. Unspent expendable endowment funds totaled \$58 million in 2013 and \$59 million in 2012.

Unrestricted net position has improved significantly over the past several years. During 2013, unrestricted net position increased by \$67 million to \$167 million. Improvements in unrestricted net position are a result of the implementation of targeted financial strategies, greater accountability, and an integrated budget planning process.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position presents the University's results of activities for the year. Presented below are summarized statements of the University's revenues, expenses, and changes in net position for the years ended June 30, 2013 and 2012.

SUMMARY STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

| (in thousands) | 2013 | 2012 | Increase/(Decrease) | |
|--|-------------|-------------|---------------------|---------|
| | | | Amount | Percent |
| Operating Revenues | \$781,980 | \$741,481 | \$40,499 | 5.5% |
| Operating Expenses | 1,024,487 | 991,420 | 33,067 | 3.3% |
| Operating Loss | (242,507) | (249,939) | 7,432 | -3.0% |
| Nonoperating Revenues (Expenses) | | | | |
| State educational appropriations | 184,199 | 181,590 | 2,609 | 1.4% |
| Federal and state nonexchange grants | 43,719 | 44,681 | (962) | -2.2% |
| Gifts | 51,968 | 43,905 | 8,063 | 18.4% |
| Net investment income | 84,984 | 27,233 | 57,751 | 212.1% |
| Net interest on capital asset-related debt | (44,334) | (44,149) | (185) | 0.4% |
| Other nonoperating expenses | 1,909 | (3,603) | 5,512 | -153.0% |
| Capital appropriations, gifts, and grants | 29,788 | 21,109 | 8,679 | 41.1% |
| Additions to permanent endowments | 264 | 697 | (433) | -62.1% |
| Increase in net position | 109,990 | 21,524 | 88,466 | 411.0% |
| Net position, beginning of year | 1,505,162 | 1,483,638 | 21,524 | 1.5% |
| Net position, end of year | \$1,615,152 | \$1,505,162 | \$109,990 | 7.3% |

Under GASB standards, revenues and expenses are categorized as either operating or nonoperating. Significant recurring sources of the University's revenues, including state appropriations, federal and state grants (nonexchange), and gifts are considered nonoperating as defined by GASB. Consequently, the operating loss of \$243 million does not account for these important revenue sources. Adding these three revenue sources, which total \$280 million for the fiscal year, offsets the operating loss. This provides a more accurate view of the University's operating results.

The increase in net position for 2013 totaled \$110 million as compared to \$22 million for 2012. This \$88 million increase was due in part to the improvement in net investment income of \$58 million with the balance of \$30 million attributable to improved operations combined with an increase in State appropriations and gifts received from donors.

REVENUES

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

SUMMARY OF REVENUES

| (in thousands) | 2013 | 2012 | Increase/(Decrease) | |
|---|-------------|-------------|---------------------|---------|
| | | | Amount | Percent |
| Operating revenues | | | | |
| Net student tuition and fees | \$414,872 | \$381,213 | \$33,659 | 8.8% |
| Federal, state, & local grants and contracts | 152,392 | 166,347 | (13,955) | -8.4% |
| Nongovernmental grants and contracts | 19,895 | 20,350 | (455) | -2.2% |
| Sales and services of educational departments | 67,116 | 63,145 | 3,971 | 6.3% |
| Auxiliary enterprises, net | 110,152 | 100,144 | 10,008 | 10.0% |
| Other | 17,553 | 10,282 | 7,271 | 70.7% |
| Total operating revenues | 781,980 | 741,481 | 40,499 | 5.5% |
| Nonoperating Revenues | | | | |
| State educational appropriations | 184,199 | 181,590 | 2,609 | 1.4% |
| Federal and state nonexchange grants | 43,719 | 44,681 | (962) | -2.2% |
| Gifts | 51,968 | 43,905 | 8,063 | 18.4% |
| Net investment income | 84,984 | 27,233 | 57,751 | 212.1% |
| Capital appropriations, gifts, and grants | 29,788 | 21,109 | 8,679 | 41.1% |
| Additions to permanent endowments | 264 | 697 | (433) | -62.1% |
| Total nonoperating and other revenues | 394,922 | 319,215 | 75,707 | 23.7% |
| Total revenues | \$1,176,902 | \$1,060,696 | \$116,206 | 11.0% |

Operating Revenues

Student tuition and fees are the primary source of operating revenue for the University, which increased by \$34 million for 2013. A portion of this increase was due to a one-time anomaly related to the conversion from a quarter calendar system to a semester calendar beginning fall 2013. The recognition of a higher percentage of summer term revenue at June 30, 2013 was the result of summer term classes under semesters beginning in early May compared to quarter system classes, which always began in late June. The remaining increase was attributable to higher tuition and fees. For the 2012-13 academic year, the University's Board of Trustees approved a 3.5% increase in tuition and fees for both in-state and out-of-state undergraduate and graduate students. An increase of 6% was approved for the College of Law. Tuition and fees for the Pharm D program were increased by 9.5% for in-state students and 6.8% for out-of-state students.

The University has a high level of commitment to research. Revenue from federal, state, and local grants and contracts was \$152 million and \$166 million in 2013 and 2012, respectively; a decrease of \$14 million in 2013. The decrease in 2013 was due to an overall reduction in grant funds available for research. Annual research revenue as a percent of total operating revenue accounted for 19% of revenue in 2013.

Nonoperating Revenues

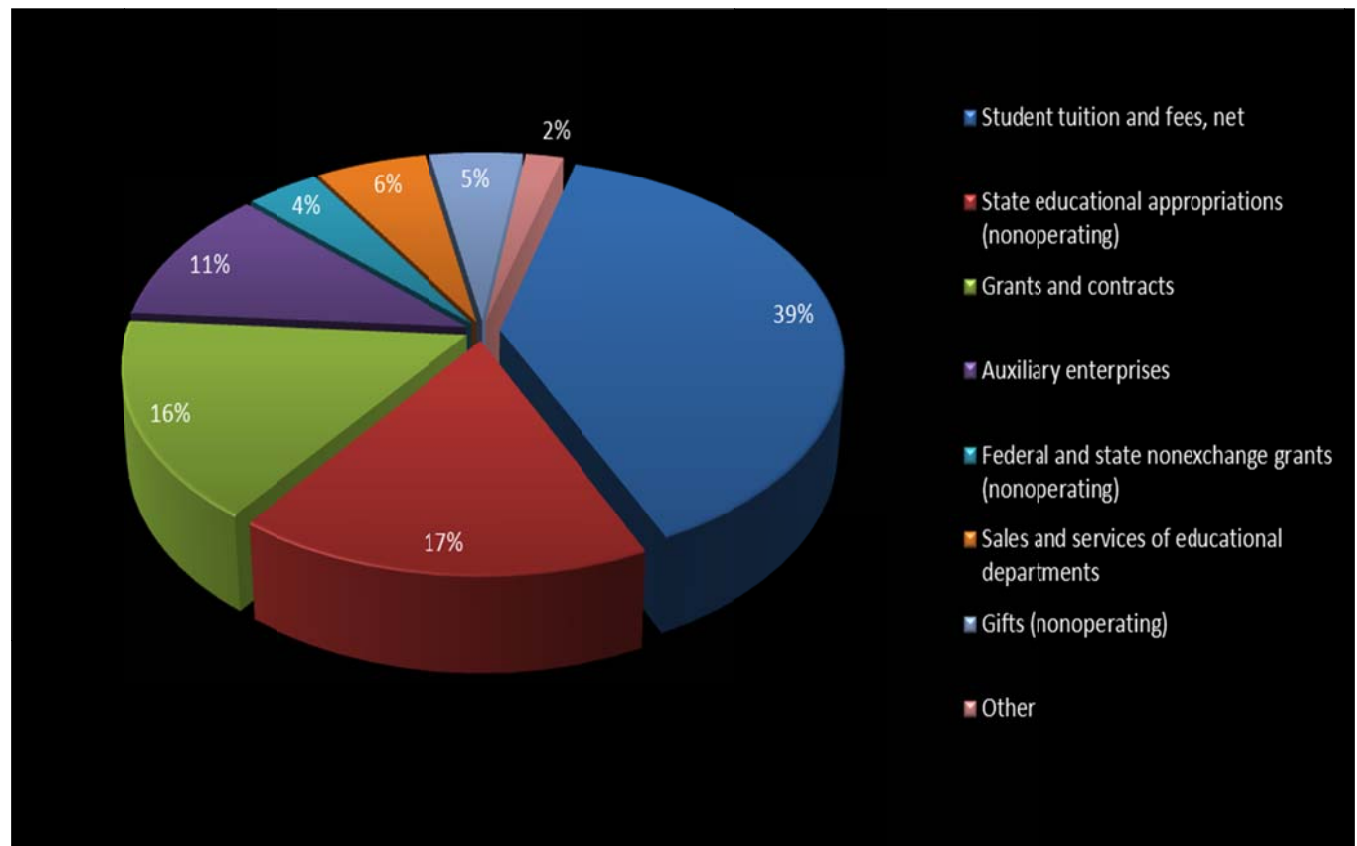
State educational appropriations increased from \$182 million in 2012 to \$184 million in 2013, an increase of \$2 million. While state appropriations contribute a significantly lower percentage of the overall funding of University operations, particularly compared to tuition, the resources remain a vital source of funding for academic programs and administrative costs.

Revenues from federal and state grants (nonexchange) provide for the recovery of direct and indirect costs. Such revenues decreased by \$1 million in 2013. In a time of heightened competitiveness, especially for federal research funding, the University continues to focus on maintaining its research base.

The results of fundraising efforts have been an important component of financial resources. Expendable gifts to the University totaled \$52 million and \$44 million in 2013 and 2012, respectively. The \$8 million increase in gift revenue was a direct result of the Foundation's fundraising efforts toward achieving the University's \$1 billion gift campaign, Proudly Cincinnati, which was launched publicly in 2008.

The University's investment income totaled \$85 million and \$27 million in 2013 and 2012 respectively, an increase of \$58 million. Investment income includes both endowment income and temporary investment pool income. The overall increase in investment income for 2013 is attributable to improved national and global markets along with strategic investment management.

Below is a chart listing revenues by source including revenues used for operating activities and those classified as nonoperating such as state educational appropriations, federal and state grants (nonexchange), and gifts. As noted earlier, GASB requires state appropriations, federal and state grants (nonexchange), and gifts to be classified as nonoperating revenues.



EXPENSES

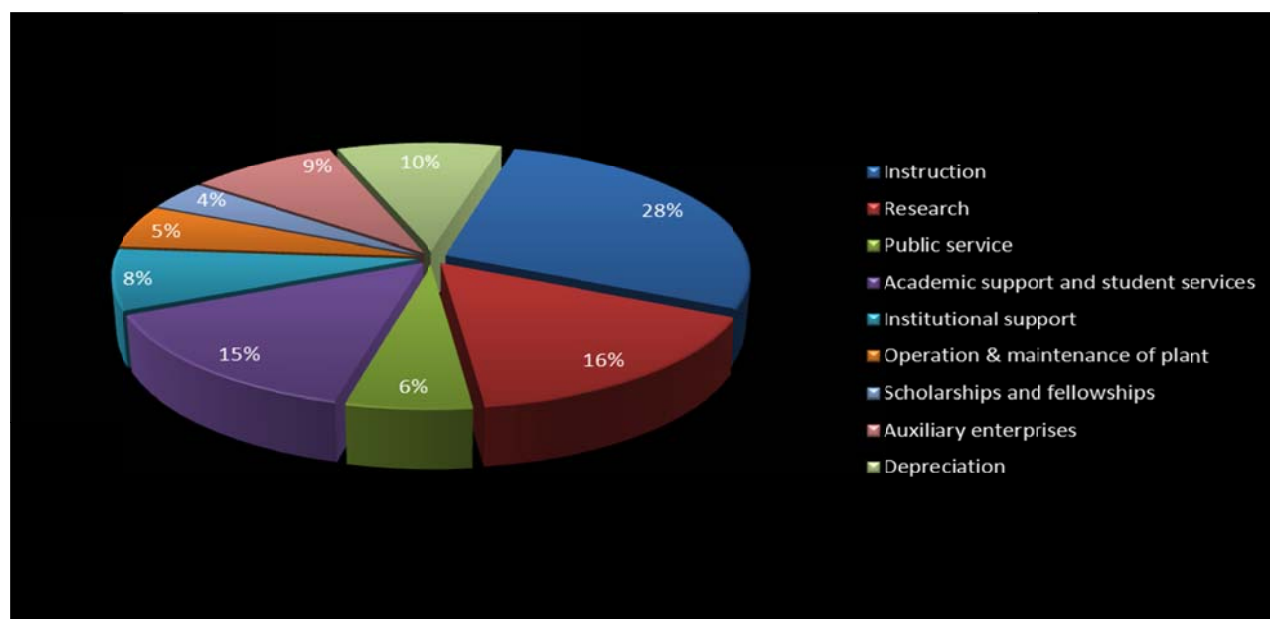
The University continues to employ cost containment initiatives to control expenses while investing in research, academic & institutional support, and students through scholarships and fellowships.

SUMMARY OF EXPENSE

| (in thousands) | 2013 | 2012 | Increase/(Decrease) | |
|--|-------------|-------------|---------------------|---------|
| | | | Amount | Percent |
| Operating expenses | | | | |
| Instruction | \$283,151 | \$268,935 | \$14,216 | 5.3% |
| Research | 166,667 | 167,694 | (1,027) | -0.6% |
| Public service | 60,673 | 57,708 | 2,965 | 5.1% |
| Academic support and student services | 148,640 | 140,701 | 7,939 | 5.6% |
| Institutional support | 79,767 | 84,275 | (4,508) | -5.3% |
| Operations and maintenance of plant | 55,073 | 49,854 | 5,219 | 10.5% |
| Scholarships and fellowships | 37,876 | 38,104 | (228) | -0.6% |
| Auxiliary enterprises | 91,530 | 83,992 | 7,538 | 9.0% |
| Depreciation | 101,110 | 100,157 | 953 | 1.0% |
| Total operating expenses | 1,024,487 | 991,420 | 33,067 | 3.3% |
| Nonoperating expenses | | | | |
| Interest on capital asset-related debt | 44,334 | 44,149 | 185 | 0.4% |
| Other nonoperating expenses | (1,909) | 3,603 | (5,512) | -153.0% |
| Total nonoperating expenses | 42,425 | 47,752 | (5,327) | -11.2% |
| Total expenses | \$1,066,912 | \$1,039,172 | \$27,740 | 2.7% |

Total University expenses (operating and nonoperating) increased by \$28 million in 2013. The increase was attributable to an increase in various costs mainly related to instruction (additional summer semester costs), academic support and student services, operations and maintenance of plant, and auxiliary enterprises. Institutional support decreased by 5.3%, which was a result of the implementation of efficiency and cost cutting measures.

Below is a chart reflecting operating expenses by category and percentage of total operating expenses.



ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

In October 2012, the Board of Trustees voted unanimously to appoint Santa Jeremy Ono as the University's 28th president. The University community was immediately supportive of Dr. Ono's appointment. Dr. Ono had been serving as the Senior Vice President for Academic Affairs and Provost for the prior two years. During 2013, Dr. Ono filled all vacant cabinet positions including his former position as Provost.

Dr. Ono is one of a small group of university presidents in the nation who have fully embraced social media and has more than 22,000 followers of his Twitter feed: @PrezOno (<http://twitter.com/PrezOno>). Dr. Ono has dubbed the University as the #HottestCollegeinAmerica. For the President, "the caption represents an institution that has no interest in resting on a ranking; no problem in pushing boundaries and reimagining what's possible; and no doubt in its ability to transform the lives of young people via first-class teaching, research, leadership and service. More than a slogan, it speaks to the keen sense of purpose, pride and progress that emanates from every corner of our campus." Dr. Ono's leadership and personal connections to the University community played a key role in the University's record-breaking enrollment for fall 2013 of 42,656 students and the University's continued success in the national rankings. Targeted efforts toward strategic advancement have resulted in the University being listed third among 23 National Universities identified as "Up-and-Coming Schools" by U.S. News & World Report.

Through Dr. Ono's leadership, the University continues to chart its course for future advancement through the purposeful implementation of the Academic Master Plan. The plan has provided the strategic vision of becoming a first-choice destination for students, faculty, and staff. Guiding the plan are nine operational principles which include learning, discovery, community, economy, sustainability, global engagement, diversity, mission-based health care, and collaboration. Many promises have already been fulfilled in each of the principle areas. While the University continues to focus on meeting these principles, the University has begun to look ahead to creating its Third Century to sharpen the vision for institutional priorities for the next 15 years. The University will celebrate its 200th anniversary in 2019.

While the state capped tuition to 2% for the 2013-14 academic year, the University's Board of Trustees, per the recommendation of President Ono, approved freezing tuition for in-state and out-of-state undergraduate and graduate students. President Ono announced that now is the time for the University to send a "clear and compelling message to the broader community that we are firmly committed to keeping costs down for our students."

The State of Ohio's 2014-2015 approved budget appropriations bill includes funding reforms for Ohio's public colleges and universities. The changes in the funding methodology reward improved graduation rates and course completions. In 2014, the statewide average for the State Share of Instruction (SSI) will be distributed to university main campuses based on the following allocations. Actual percentages will vary by institution.

- Degrees awarded – 50.0%
- Course completions – 28.0%
- Doctoral set-asides – 12.9%
- Medical set-asides – 8.6%
- Earmarks < 1%

Distributions to regional campuses will be based 100% on course completion. The initial SSI allocation schedule distributed by the State for 2014 appropriations reflects an increase for the University.

Awards from both the National Institutes of Health (NIH) and Department of Education are projected to continue to decline due to Federal budget cuts. This decrease in Federal research funding will negatively impact the overall amount of grant funding available to University researchers. As a part of the University's long-term plan to advance the research initiative and expand private gifts, the University is collaborating and strategizing with the University of Cincinnati Research Institute (UCRI), a newly established 501(c)(3) nonprofit organization. UCRI's charge is to connect University experts to industry partners, facilitate commercialization of research, and enhance cooperative and experiential learning experiences for University students.

Income distribution for endowment spending for 2014 has been reduced from 5% to 4.75%. The distribution calculation is based on the previous twelve-quarter moving average of market value. In 2015, endowment spending will be further reduced to 4.5%. Additionally, both neighborhood development corporation loans and local real estate-related assets will be excluded from the distribution calculation. Reducing the spending policy and modifying the asset base used in the spending policy calculation are important steps to insure the long-term protection of the endowment corpus and provide ongoing intergenerational equity.

University of Cincinnati

(a component unit of the State of Ohio)

| Statement of Net Position (in thousands) | University | | The University of Cincinnati Foundation | |
|--|---------------------|---------------------|---|-------------------|
| | 2013 | 2012 | 2013 | 2012 |
| as of June 30, 2013 (with comparative information as of June 30, 2012) | | | | |
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$65,751 | \$112,016 | \$4,827 | \$3,093 |
| Current portion of investments | 122,022 | 153,672 | | |
| Current portion of accounts receivable, net | 48,822 | 46,044 | 1,566 | 2,011 |
| Current portion of pledges receivable, net | | | 30,963 | 18,862 |
| Current portion of notes receivable, net | 6,556 | 6,459 | | |
| Deposits with bond trustees | 914 | 7,512 | | |
| Current portion of other assets | 7,835 | 7,952 | 10,134 | 9,772 |
| Total current assets | 251,900 | 333,655 | 47,490 | 33,738 |
| Noncurrent assets | | | | |
| Investments | 264,692 | 160,609 | | |
| Endowment investments | 524,389 | 507,224 | 281,409 | 253,718 |
| Accounts receivable, net | 4,199 | 3,648 | | |
| Pledges receivable, net | | | 37,105 | 33,015 |
| Notes receivable, net | 23,573 | 25,434 | | |
| Other assets | | 187 | | |
| Investment in UC Health | 420,645 | 420,645 | | |
| Capital assets not being depreciated | 258,563 | 214,510 | | |
| Capital assets being depreciated, net | 1,207,803 | 1,245,872 | 510 | 688 |
| Total noncurrent assets | 2,703,864 | 2,578,129 | 319,024 | 287,421 |
| Total Assets | 2,955,764 | 2,911,784 | 366,514 | 321,159 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable | 49,779 | 47,875 | 1,430 | 1,815 |
| Accrued liabilities | 20,598 | 24,233 | | |
| Current portion of accrued compensation | 80,661 | 79,591 | | |
| Current portion of bonds, notes, and leases payable | 81,140 | 130,026 | | |
| Deposits and advances | 35,974 | 44,472 | | |
| Funds held on behalf of others | 5,197 | 5,998 | | |
| Total current liabilities | 273,349 | 332,195 | 1,430 | 1,815 |
| Noncurrent liabilities | | | | |
| Accrued compensation | 18,469 | 21,244 | | |
| Government loan advances | 25,853 | 25,168 | | |
| Bonds and leases payable | 1,019,730 | 1,022,752 | | |
| Interest rate swap liability | 3,211 | 5,263 | | |
| Other noncurrent liabilities | | | 11,993 | 10,853 |
| Total noncurrent liabilities | 1,067,263 | 1,074,427 | 11,993 | 10,853 |
| Total Liabilities | 1,340,612 | 1,406,622 | 13,423 | 12,668 |
| Net Position | | | | |
| Net investment in capital assets | 403,616 | 382,974 | 510 | 688 |
| Restricted for: | | | | |
| Nonexpendable: | | | | |
| Endowment and gifts | 326,344 | 308,439 | 272,294 | 251,302 |
| Investment in UC Health | 420,645 | 420,645 | | |
| Expendable: | | | | |
| Endowment and gifts | 288,720 | 272,920 | 101,830 | 82,554 |
| Other, including debt service, debt proceeds, and capital appropriations | 9,015 | 20,049 | | |
| Unrestricted | 166,812 | 100,135 | (21,543) | (26,053) |
| Total Net Position | \$ 1,615,152 | \$ 1,505,162 | \$ 353,091 | \$ 308,491 |

The accompanying Notes to Financial Statements are an integral part of this statement.

University of Cincinnati

(a component unit of the State of Ohio)

Statement of Revenues, Expenses, and Changes in Net Position

(in thousands)

for the year ended June 30, 2013 (with comparative information for the year ended June 30, 2012)

| | University | | The University of Cincinnati Foundation | |
|---|---------------------|---------------------|---|-------------------|
| | 2013 | 2012 | 2013 | 2012 |
| Operating Revenues | | | | |
| Student tuition and fees | \$ 514,535 | \$ 477,425 | | |
| Less scholarship allowances | 99,663 | 96,212 | | |
| Net student tuition and fees | 414,872 | 381,213 | | |
| Federal grants and contracts | 146,025 | 156,103 | | |
| State and local grants and contracts | 6,367 | 10,244 | | |
| Nongovernmental grants and contracts | 19,895 | 20,350 | | |
| Sales and services of educational departments | 67,116 | 63,145 | | |
| Auxiliary enterprises | 110,152 | 100,144 | | |
| Other operating revenues | 17,553 | 10,282 | \$ 11,969 | \$ 12,494 |
| Total Operating Revenues | 781,980 | 741,481 | 11,969 | 12,494 |
| Operating Expenses | | | | |
| Educational and general: | | | | |
| Instruction | 283,151 | 268,935 | | |
| Research | 166,667 | 167,694 | | |
| Public service | 60,673 | 57,708 | | |
| Academic support | 92,059 | 97,441 | | |
| Student services | 56,581 | 43,260 | | |
| Institutional support | 79,767 | 84,275 | 16,520 | 17,522 |
| Operations and maintenance of plant | 55,073 | 49,854 | | |
| Scholarships and fellowships | 37,876 | 38,104 | | |
| Auxiliary enterprises | 91,530 | 83,992 | | |
| Depreciation | 101,110 | 100,157 | 214 | 256 |
| Total Operating Expenses | 1,024,487 | 991,420 | 16,733 | 17,778 |
| Operating loss | (242,507) | (249,939) | (4,764) | (5,284) |
| Nonoperating Revenues (Expenses) | | | | |
| State educational appropriations | 184,199 | 181,590 | | |
| Federal nonexchange grants | 40,698 | 42,566 | | |
| State nonexchange grants | 3,021 | 2,115 | | |
| Gifts | 51,968 | 43,905 | 65,155 | 40,786 |
| Net investment income | 84,984 | 27,233 | 25,384 | 3,230 |
| Net interest on capital asset-related debt | (44,334) | (44,149) | | |
| Payments to University of Cincinnati | | | (41,006) | (37,524) |
| Other nonoperating revenues (expenses) | 1,909 | (3,603) | (169) | (3,876) |
| Net Nonoperating Revenues | 322,445 | 249,657 | 49,364 | 2,616 |
| Income (loss) before other revenues | 79,938 | (282) | 44,600 | (2,668) |
| Other Revenues | | | | |
| State capital appropriations | 16,337 | 10,757 | | |
| Capital gifts and grants | 13,451 | 10,352 | | |
| Additions to permanent endowments | 264 | 697 | | |
| Total Other Revenues | 30,052 | 21,806 | - | - |
| Increase (decrease) in net position | 109,990 | 21,524 | 44,600 | (2,668) |
| Net Position, beginning of year | 1,505,162 | 1,483,638 | 308,491 | 311,159 |
| Net Position, end of year | \$ 1,615,152 | \$ 1,505,162 | \$ 353,091 | \$ 308,491 |

The accompanying Notes to Financial Statements are an integral part of this statement.

University of Cincinnati

(a component unit of the State of Ohio)

Statement of Cash Flows (in thousands)

| | University | |
|--|------------------|-------------------|
| for the year ended June 30, 2013 (with comparative information for the year ended June 30, 2012) | 2013 | 2012 |
| Cash Flows from Operating Activities | | |
| Student tuition and fees | \$ 402,641 | \$ 376,539 |
| Federal, state, and local grants and contracts | 210,715 | 229,591 |
| Sales and services of educational departments and auxiliary enterprises | 175,587 | 163,475 |
| Expenditures and other deductions: | | |
| Compensation | (626,695) | (612,241) |
| Payments for materials, services and other | (317,439) | (325,964) |
| Loans issued | (4,047) | (6,507) |
| Loan principal collected | 5,811 | 5,339 |
| Interest on loans receivable | 175 | 737 |
| Other revenue | 19,524 | 9,931 |
| Net Cash Used for Operating Activities | (133,728) | (159,100) |
| Cash Flows from Noncapital Financing Activities | | |
| State educational appropriations | 184,199 | 181,590 |
| Federal nonexchange grants | 40,698 | 42,566 |
| State nonexchange grants | 3,021 | 2,115 |
| Gift receipts for current use | 51,809 | 46,860 |
| Additions to permanent endowments | 264 | 697 |
| Net Cash Provided by Noncapital Financing Activities | 279,991 | 273,828 |
| Cash Flows from Capital and Related Financing Activities | | |
| State capital appropriations | 14,378 | 15,109 |
| Private gifts | 5,110 | 3,793 |
| Grants | 7,845 | 5,420 |
| Other | 6,560 | 8,447 |
| Proceeds from issuance of capital debt | 143,964 | 231,115 |
| Purchases of capital assets | (118,498) | (117,578) |
| Principal paid on capital debt and leases | (195,872) | (263,936) |
| Interest payments on capital debt and leases | (50,555) | (52,717) |
| Net Cash Used for Capital and Related Financing Activities | (187,068) | (170,347) |
| Cash Flows from Investing Activities | | |
| Interest and dividends on investments, net | 15,677 | 23,749 |
| Proceeds from sales and maturities of investments | 2,166,229 | 1,363,205 |
| Purchases of investments | (2,186,135) | (1,297,038) |
| Other endowment expenditures | (1,231) | (2,436) |
| Net Cash (Used for) Provided by Investing Activities | (5,460) | 87,480 |
| Net (Decrease) Increase in Cash and Cash Equivalents | (46,265) | 31,861 |
| Cash and Cash Equivalents, Beginning of Year | 112,016 | 80,155 |
| Cash and Cash Equivalents, End of Year | \$ 65,751 | \$ 112,016 |

University of Cincinnati

(a component unit of the State of Ohio)

Statement of Cash Flows (in thousands)

for the year ended June 30, 2013 (with comparative information for the year ended June 30, 2012)

| | University | |
|--|---------------------|---------------------|
| | 2013 | 2012 |
| Reconciliation of Operating Loss to Net Cash Used for Operating Activities: | | |
| Operating loss | \$ (242,507) | \$ (249,939) |
| Adjustments to reconcile operating loss to net cash used for operating activities: | | |
| Depreciation expense | 101,110 | 100,157 |
| Changes in assets and liabilities: | | |
| Accounts receivable, net | 1,228 | 4,515 |
| Notes receivable, net | (1,763) | (1,130) |
| Other assets | (290) | (1,430) |
| Accounts payable | 1,947 | 1,065 |
| Accrued compensation and other | (1,084) | (422) |
| Advances | (3,122) | (515) |
| Compensated absences | (3,150) | (1,242) |
| Deposits | 254 | 1,166 |
| Other liabilities | 13,649 | (11,325) |
| Net Cash Used for Operating Activities | \$ (133,728) | \$ (159,100) |

Noncash Transactions

| | | |
|---|-----------|-----------|
| Accrued liabilities for property, plant and equipment | \$ 11,753 | \$ 17,709 |
| Gifts of property, plant and equipment | 661 | 1,139 |

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2013

1. Organization and Summary of Significant Accounting Policies

Organization

The University of Cincinnati (the University) originated in 1819 with the founding of Cincinnati College. In 1977, the University formally became part of the Ohio public university system. As such, it is a component unit of the State of Ohio. Under provisions of the Internal Revenue Code, Section 115, and the applicable income tax regulations of the State of Ohio, the University, as a state institution, is exempt from taxes on income other than unrelated business income. Since the University has no material net unrelated business income during the year ended June 30, 2013, there are no provisions for income taxes.

Under Ohio Revised Code 3361.01, the University of Cincinnati's Board of Trustees is the governing body of the University of Cincinnati. The board is composed of 11 members: nine (9) voting members and two (2) nonvoting student members. All board members are appointed by the Governor of Ohio with the advice and consent of the State Senate. Trustees are appointed to nine-year terms of office, with the exception of student trustees who are appointed to two-year terms.

The Board is responsible for selecting and appointing the president; setting the operating budget; approving personnel appointments; granting all degrees awarded by the University, including honorary degrees; establishing tuition and fee rates; approving contracts; and approving all rules, regulations, curriculum changes, new programs and degrees of the University.

Basis of Presentation

The accompanying financial statements present the accounts of the University and of the following entities:

- University Heights Community Urban Redevelopment Corporation (UHCURC), described more fully in Note 16, is a legally separate not-for-profit organization which owns a residence complex offering housing for University students. UHCURC is reported as a blended component unit of the University in accordance with the provisions of the Governmental Accounting Standards Board (GASB) and is included in the University's Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows.
- The University of Cincinnati Foundation (the Foundation), described more fully in Note 17, is a legally separate not-for-profit organization engaged in fundraising activities exclusively for the benefit of the University. The Foundation is a discretely presented component unit of the University in accordance with the provisions of GASB on the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position.

Basis of Accounting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by GASB. The University reports as a special purpose government engaged primarily in business type activities (BTA), as defined by GASB, on the accrual basis. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods and services. In accordance with BTA reporting, the University presents Management's Discussion and Analysis, Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, and Notes to the Financial Statements.

In November 2010, GASB issued a statement related to service concession arrangements, which are a type of public-private or public-public partnerships. The statement provides guidance on the accounting and reporting for agreements where a governmental entity conveys to another party (operator) the right and related obligation to provide services through the use of a public asset in exchange for significant consideration and the operator collects and is compensated by fees from third parties. The requirements of the statement are for periods beginning after December 15, 2011. There was no significant impact on the financial statements related to the implementation of this statement.

In November 2010, GASB issued a statement to amend previous statements related to the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. The requirements of the statement are effective for periods beginning after June 15, 2012. The University elected early adoption of this statement in fiscal year 2011. There was no significant impact on the financial statements related to the implementation of this statement.

In December 2010, GASB issued a statement with the objective to incorporate in its authoritative literature all of the pronouncements issued on or before November 30, 1989 by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) that do not conflict with or contradict GASB pronouncements. The requirements of the statement are for periods beginning after December 15, 2011. There was no significant impact on the financial statements related to the implementation of this statement.

In June 2011, GASB issued a statement that standardizes the presentation of deferred outflows of resources and deferred inflows of resources, which are distinct from assets and liabilities, and their effects on an entity's net position. Additionally, the statement renames the residual of all elements presented in a statement of financial position as net position, rather than net assets. The requirements of the statement are for periods beginning after December 15, 2011. The University has revised the presentation of the financial statements. However, there was no significant impact on the financial statements related to the implementation of this statement.

In June 2012, GASB issued a statement to establish new accounting and financial requirements for pension plans provided by the University to its employees. University employees participate in cost-sharing multiple-employer plans, which are within the scope of this statement. This statement will require the University to recognize a net pension liability (or asset), pension expense, and pension-related deferred inflows and outflows of resources based on the University's proportionate share of collective amounts for all participating employers in the plans. The requirements of the statement are for periods beginning after June 15, 2014. Management believes there will be a significant impact on the financial statements related to the implementation of this statement but is still evaluating the overall effect.

The University's financial resources are classified for accounting and reporting purposes into the following four net position categories:

- Net Investment in Capital Assets: Capital assets, net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction or improvement of those assets.
- Restricted for nonexpendable and expendable purposes:
 - Nonexpendable – The net position subject to externally-imposed restrictions, which must be retained in perpetuity by the University, is classified as nonexpendable net position. Such assets include the University's permanent endowment and the University's investment in UC Health.
 - Expendable – The net position whose use by the University is subject to externally-imposed restrictions that can be fulfilled by actions of the University pursuant to those restrictions or that expire by the passage of time are classified as expendable net position. Such assets include the spendable portion of endowment and gifts and other assets including debt service, debt proceeds, and capital appropriations.
- Unrestricted: The remaining net position that is neither the net investment in capital assets or restricted for nonexpendable and expendable purposes. The University's unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all of the unrestricted net position is designated for academic and research programs and initiatives and for capital programs.

Summary of Significant Accounting Policies

Investments are reported in four categories in the Statement of Net Position. Investments identified as current and noncurrent are used for operating and capital activities. Investments identified as endowment are those funds invested in portfolios that are considered by management to be of a long duration. The fourth investment is identified as the University's investment in UC Health.

Investments in marketable securities are carried at fair value, as established by the major securities markets. Purchases and sales of investments are accounted for on the trade date basis. Investment income is recorded on the accrual basis. Realized and unrealized gains and losses are reported in investment income.

The University's endowment portfolio includes alternative investments, such as limited partnerships, that are not publicly traded. These investments are generally carried at fair value provided by the management of the investment partnerships as of March 31, 2013, as adjusted by cash receipts, cash disbursements and securities distributions through June 30, 2013, in order to provide an approximation of fair value at June 30. In addition, the carrying amount of these investments is adjusted for June 30 information from management of the investment partnerships when necessary to provide a reasonable estimate of fair value as of June 30, 2013. Because these investments are not readily marketable, the estimated value is subject to uncertainty. Therefore, the estimated value may differ from the value that would have been used had a ready market for the investments existed. Such differences could be material.

Accounts Receivable are recorded net of an allowance for uncollectible accounts. The allowance is based on management's judgment of potential uncollectible amounts, based on historical experience and type of receivable. Accounts receivable primarily include tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty and staff.

Pledged gifts for endowments from individuals, foundations, or corporations do not meet eligibility requirements as defined by GASB, to be recognized on the University's Statement of Net Position. The Foundation receives pledges and bequests for the benefit of the University and as a FASB entity, recognizes those gifts on its financial report. Once the gift is received by the Foundation and transferred to the University, the University recognizes the gift income.

Notes receivable are mainly loans made to students under various federal loan programs. Such loans are recorded net of estimated uncollectible amounts.

Capital Assets are comprised of land, land improvements, infrastructure, buildings and equipment. Land, works of art and historical treasures are capitalized but not depreciated. All University assets are recorded at cost at date of acquisition, or market value at date of donation. The University's capitalization threshold is \$100,000 for major capital projects and intangible assets except for internally generated software which has a threshold of \$500,000. For all other items the capitalization threshold is \$5,000. Interest on related borrowing, net of interest earnings on invested proceeds, is capitalized during the period of construction. The University and its blended component unit's property and equipment are depreciated using the straight-line method over the estimated useful lives (from three to fifty years) of the respective assets. When plant assets are sold or disposed of, the carrying value of such assets and the associated depreciation are removed from the University's records.

Compensated absences, reported as accrued compensation, include liabilities related to vacation and sick leave accruals. University employees earn vacation and sick leave on a monthly basis. All accrued vacation is considered a current liability. Vacation benefits may accrue up to a maximum of three years' credit. Earned but unused vacation days are payable upon termination. Sick leave accrues without limit; however, unused days are payable only upon retirement from the University, subject to 30- or 60-day limits depending on the date of hire. The termination payment method is utilized to compute the liability for sick leave.

Advances include receipts relating to tuition, student fees and athletic events received in advance of services to be provided. Advances also include the amounts received from grant and contract sponsors that have not yet been earned under the terms of the agreement. The University will recognize such amounts as revenue when services are provided.

Endowment Spending Policy—For donor restricted endowments, the Uniform Prudent Management of Institutional Funds Act, as adopted in Ohio, permits the University to distribute an amount of realized and

unrealized endowment appreciation as the Board of Trustees determines to be prudent. The University's policy is to accumulate the undistributed realized and unrealized appreciation within the endowment, which is discussed in Note 2.

Student Tuition and Residence Hall Fees - Stipends and other payments made directly to students are presented as scholarship and fellowship expenses that offset tuition and fee revenue. Fee authorizations provided to graduate teaching, research and administrative associates as part of employment arrangement are presented in instruction, research and other functional categories of operating expense.

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

Operating Activities, as reported on the Statement of Revenues, Expenses and Changes in Net Position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the University's expenses are from exchange transactions. Certain significant revenue streams available to support operations are classified as nonoperating revenues (i.e. state educational appropriations, nonexchange federal and state grants, gifts, and investment income) in accordance with GASB standards.

Management Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and outflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Information— Financial information presented by the University for 2012 is for comparative purposes. This information should be read in conjunction with the University's financial statements for the year ended June 30, 2012, which were previously audited. An unmodified audit opinion was expressed on those financial statements.

Reclassifications— Certain amounts from the prior year have been reclassified to conform to current-year presentation. These reclassifications had no effect on the change in net position.

2. Cash, Cash Equivalents, and Investments

Summary—The University maintains centralized management for substantially all of its cash and investments. With the exception of insurance reserves and other endowment investments which require separate management by donor stipulation, the University invests its operating cash in relatively short-duration assets in the Temporary Investment Pool. A majority of the assets of the University's endowment assets are invested in the Endowment Fund A.

Distributions are made from the University endowment to the University entities that benefit from those funds. The endowment spending policy provides for an annual distribution of 5% of the twelve-quarter moving-average market value of endowment units.

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

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

Investment policies are governed and authorized by University rules. For endowment investments, the approved asset mix may range from 70% to 90% variable investments and 10% to 30% fixed income investments, at any one time, at the discretion of the University's investment committee.

The University has an established set of investment guidelines related to targeted asset allocation and allowable ranges for alternative investments. For alternative investment categories, as defined by investment practitioners, the Investment Committee target allocations are: Private Real Estate 3%, Private Equity including Natural Resources 17%, and Hedge Funds 20%. Maximum allowable holdings for these three categories are 3%, 17% and 20%, respectively.

Diversification is a fundamental risk-management strategy for the endowment portfolio. Accordingly, the portfolio includes investments in domestic and non-U.S. stocks, bonds and loans; real estate; and limited partnerships for investment in real estate, private equity and hedge funds.

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

Cash and Cash Equivalents— The University considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2013, the carrying amount of the University's cash and cash equivalents for all funds is \$65,751,000 as compared to bank and investment account balances of \$79,575,000. The difference between the carrying amount and the bank balances is caused primarily by deposits in transit and outstanding checks and the Foundation's share of the Endowment Fund A cash and cash equivalents.

Of the University's bank balances, \$454,000 is covered by federal depository insurance and money market funds account for \$76,879,000.

Investments

The fair value of University investments at June 30, 2013 is (in thousands):

| | |
|---|-------------------|
| U.S. government, agency and treasury securities | \$ 101,698 |
| Municipal bonds and notes | 29,322 |
| Corporate notes and bonds | 299,919 |
| Corporate stocks | 201,254 |
| Mutual funds | 111,013 |
| Other securities | 379,911 |
| Real estate | <u>12,635</u> |
| Total investments – including UC Foundation share of Fund A | 1,135,752 |
| Less UC Foundation share of Fund A | <u>224,649</u> |
| Total investments | 911,103 |
| Less current investments | <u>122,022</u> |
| Total noncurrent investments | <u>\$ 789,081</u> |

Current investment detail (in thousands):

| | |
|---|-------------------|
| U.S. government, agency and treasury securities | \$ 12,898 |
| Municipal notes and bonds | 17,713 |
| Corporate notes and bonds | <u>91,411</u> |
| Total current investments | <u>\$ 122,022</u> |

Alternative investments of \$391 million are included within mutual funds and other securities in the summary schedule of investments above. Certain of these alternative investments are carried at estimated fair value

as of March 31, 2013, as adjusted by cash receipts, cash disbursements and securities distributions through June 30, 2013, at a total estimated fair value of \$102 million (please refer to Note 1, Summary of Significant Accounting Policies, regarding valuation of alternative investments). In addition, the University also has alternative investments in investment funds that are not themselves publicly traded investments for which fair values are established by the major securities markets. Such alternative investments are carried at fair value of \$154 million at June 30, 2013. The University's outstanding commitment to alternative investments is \$72 million as of June 30, 2013.

At June 30, 2013, other securities included \$73,236,000 net of \$20,260,000 of loan loss reserves, of loans made to certain nonprofit entities for the purpose of developing residential and commercial facilities on the borders of the campus. Currently, these loans are secured primarily by mortgages on parcels of land purchased by these nonprofit entities. Some of these mortgages are subordinated to external financing arranged by these entities. These loans bear interest at 6%. The University expects repayment once the residential and commercial facilities have streams of rental income. Loan loss reserves are estimated based on aggregate cash flow projections for the projects and independent appraisals of the underlying undeveloped real estate. Changes in loan loss reserves are reflected in nonoperating revenues (expenses), as a component of net investment income.

At June 30, 2013, the fair (market) value of land and other real estate held as investments was \$12,635,000. Independent real estate appraisals are obtained on a three-year cycle; however, relevant real estate markets are reviewed between appraisal periods to determine if the reported market values remain accurate. Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. The most recent appraisals were received for June of 2012.

The investments in the table above are classified by the University in the following categories: \$386,714,000 is included in the Temporary Investment Pool portfolio and \$524,389,000 is included in endowment investments.

Beneficial Interest in Irrevocable External Trusts

The University is the beneficiary of numerous trusts held and administered by external trustees. The market value of these external trustee assets totaled \$253,944,000 as of June 30, 2013. These external trusts are irrevocable, and the University has a vested beneficial interest in the net income payable by the trusts. In accordance with GASB, these external trust assets are not recorded on the University's Statement of Net Position. Income is received annually and recorded on the University's Statement of Revenues, Expenses, and Changes in Net Position. The University received income of \$8,247,000 for 2013. Income from the trusts will continue to be received in perpetuity.

University Investment Pools

University investments are pooled in one of three funds: Endowment Fund A, Endowment Fund B, and the Temporary Investment Pool. In addition to the pooled funds, the University's endowment assets include those funds separately invested per donor stipulation. These separately invested funds totaled approximately \$47,570,000 at June 30, 2013.

The Endowment Fund A is the principal investment pool for the University and Foundation endowments that may be pooled legally or by donor concurrence. The University employs the share method of accounting for Fund A investments and for proportionate distribution of income to each fund that participates in the pool. At June 30, 2013, Endowment Fund A shares totaled 9,192,202 with a market value of \$743,261,000 (including cash and cash equivalents and interest receivable). The Foundation owned 2,879,300 of those shares with a market value of \$232,808,000 (including cash and cash equivalents and interest receivable). The Foundation's share of Fund A is approximately 31%. Since 2002, substantially all Foundation endowments held in trust, by donor stipulation, have been invested in the University's Endowment Fund A.

The Endowment Fund B comprises real estate holdings received by bequest. Real estate holdings in Fund B totaled \$831,000 at June 30, 2013.

Temporary Investment Pool funds include cash not otherwise invested in the endowment. These funds are used for operating and capital expenditure purposes.

The following chart summarizes the changes in relationships between cost and fair values of the Endowment Fund A assets for the year (*in thousands except per share amounts*):

| | <u>Net Cost</u> | <u>Fair Value</u> | <u>Net Gains/ (Losses)</u> | <u>Fair Value Per Share</u> |
|------------------------------|-----------------|-------------------|--------------------------------|---------------------------------|
| End of year | \$731,399 | \$743,261 | \$ 11,862 | \$ 80.86 |
| Beginning of year | 736,669 | 703,923 | <u>(32,746)</u> | 78.65 |
| Unrealized net gain for year | | | 44,608 | |
| Realized net gain for year | | | <u>19,683</u> | |
| Total net gain for year | | | <u>\$ 64,291</u> | |
| Total gain per share | | | <u>\$ 7.00</u> | |

The University has adopted a spending rate policy which limits the distribution of endowment income earned in the investment pool to 5% of the moving-average market value for the twelve-quarter period ending each December.

Income allocated for spending during 2013 amounted to \$4.48 per share of the Endowment Fund A. The average annual earnings per share, exclusive of capital appreciation, amounted to \$1.16.

GASB standards require government entities to categorize investments by interest rate risk, credit risk, and custodial credit risk.

Interest Rate Risk

The University's investments total \$1,135,752,000 including \$224,649,000 of UC Foundation's share of the Endowment Fund A. The segmented time distribution method is used to portray interest rate risk of \$527,252,000 of bond and other fixed income investments. Investments for the year ended June 30, 2013 is summarized as follows (in thousands):

| Investment Maturities (In Years) | | | | | |
|----------------------------------|-------------------|-------------------|-------------------|------------------|------------------|
| Investment Type | Fair Value | Less than 1 | 1 to 5 | 6 to 10 | More than 10 |
| US Treasury obligations | \$ 19,315 | \$ - | \$ 16,299 | \$ 20 | \$ 2,996 |
| US Government Agencies | 81,135 | 12,898 | 47,974 | 3,805 | 16,458 |
| Municipal bonds and notes | 29,322 | 17,713 | 8,210 | 925 | 2,474 |
| Corporate bonds and notes | 301,168 | 91,412 | 171,152 | 16,471 | 22,133 |
| Bond mutual funds | 42,786 | 42,786 | - | - | - |
| Local mortgage secured loans | 52,975 | 39,943 | 7,232 | - | 5,800 |
| Other | 551 | 367 | 184 | - | - |
| Total | <u>\$ 527,252</u> | <u>\$ 205,119</u> | <u>\$ 251,051</u> | <u>\$ 21,221</u> | <u>\$ 49,861</u> |

Investment maturities less than one year in the table above include \$122,022,000 in the Temporary Investment Pool, \$57,068,000 in endowment investments, and \$26,029,000 of the Foundation's share of the

Endowment Fund A. Local mortgage secured loans are comprised of demand notes receivable. Amounts reflected as maturities represent management's best estimate of anticipated collections of these receivables. The University's investment policy stipulates that the weighted average maturity of investments in the Temporary Investment Pool will be no longer than 6 years. The weighted average of fixed income maturities in the Endowment portfolio will not exceed 20 years.

Credit Risk

The Temporary Investment Pool permits investments in investment grade securities at the time of purchase. Securities ratings downgraded below investment grade after purchase are permitted to be retained. Endowment investment-grade bonds are limited to those in the first four grades of any rating system. Below-investment grade high yield bond investments and certain unrated investments having strategic value to the University are permitted. In accordance with the University's investment policy, the University's bond and other fixed income investments are rated by nationally recognized rating organizations as follows as of June 30, 2013 (in thousands):

| Rating | |
|-----------|------------------|
| AAA | \$89,377 |
| AA | 36,295 |
| A | 170,501 |
| BBB | 81,027 |
| M1G1 | 1,550 |
| P-2 | 39,630 |
| Not Rated | 108,872 |
| Total | <u>\$527,252</u> |

Custodial Credit Risk

Of the University's \$1,135,752,000 total investments, which includes \$224,649,000 of the UC Foundation's share of the Endowment Fund A, \$1,069,151,000 are uninsured, not registered in the name of the University, and are held by trust departments or agents in the University's name, and thus are exposed to custodial credit risk. The University does not have a policy for custodial credit risk.

3. Accounts and Notes Receivable

Accounts and notes receivable as of June 30, 2013 is as follows (*in thousands*):

| | |
|-----------------------------|-----------------|
| Accounts receivable | \$45,251 |
| Notes receivable | 30,130 |
| Accrued interest receivable | <u>7,769</u> |
| Total | 83,150 |
| Less current receivables | <u>55,378</u> |
| Noncurrent receivables | <u>\$27,772</u> |

Allowances for uncollectible receivables have been provided in the amount of approximately \$3,813,000 for accounts receivable and \$6,588,000 for notes receivable as of June 30, 2013.

An allowance for uncollectible accrued interest receivable has been provided in the amount of approximately \$23,748,000 related to loans made to certain nonprofit entities as of June 30, 2013 (see Note 2).

4. Investment in UC Health

UC Health (legally known as UC Healthcare System and Affiliate) is an Ohio private nonprofit corporation that is qualified as a tax-exempt organization and is a "public hospital agency" within the meaning of Chapter 140 of the Ohio Revised Code. UC Health is the renamed and reorganized Ohio nonprofit corporation formerly referred to as The Health Alliance of Greater Cincinnati (the "Alliance"). UC Health's mission is to provide life changing, patient centered medical care, drive innovation through ground breaking research, and educate and inspire the next generation of healthcare professionals within an integrated health care delivery system. Its vision is to be the region's quality health care partner and a national leader in solving complex medical problems. UC Health includes University of Cincinnati Medical Center, West Chester Hospital, Drake Center, Lindner Center of HOPE, Bridgeway Pointe, and University of Cincinnati Physicians, Inc.

UC Health operates under an affiliation agreement that was entered into between the University, UC Health, and UC Healthcare System on June 28, 2012. Pursuant to the affiliation agreement, the University retained its equity interest in the net assets of UC Health. The equity interest is recorded on the University's Statement of Net Position in the noncurrent section and is valued based on the cost method. Management believes that the cost method is the preferred valuation method to reflect the relationship change from a joint venture structure under the Alliance agreement to a single member relationship as defined in the June 28, 2012 affiliation agreement. The value of the investment is recorded at \$421 million and has been since 2011. The University monitors any potential changes to the investment valuation such as impairment. There were no changes to the investment value in UC Health for the year ended June 30, 2013.

UC Health provides the University an annual education and research payment and programmatic support that must be used exclusively for Academic Health Center purposes. The total of these payments and support for the year ended June 30, 2013 was \$13,853,000. The University also provides various shared services, consisting mainly of utilities, security and various administrative services to UC Health for which the University is reimbursed on a cost basis. The total cost of these services for the year ended June 30, 2013 was approximately \$16,049,000.

5. Capital Assets

Capital asset activity for the year ended June 30, 2013 is summarized as follows (*in thousands*):

| | Balance July 1, 2012 | Additions | Retirements/ Transfers | Balance June 30, 2013 |
|--------------------------------|-------------------------|-----------|---------------------------|--------------------------|
| Land | \$ 26,420 | \$ 145 | \$ - | \$ 26,565 |
| Land improvement | 101,661 | - | 8 | 101,669 |
| Buildings | 1,905,611 | - | 37,474 | 1,943,085 |
| Construction in progress | 173,020 | 91,233 | (47,610) | 216,643 |
| Infrastructure | 117,020 | - | 850 | 117,870 |
| Building equipment | 15,866 | - | (274) | 15,592 |
| Moveable equipment | 186,849 | 13,378 | (2,442) | 197,785 |
| Computer software | 39,132 | 4 | (54) | 39,082 |
| Library books | 164,459 | 8,326 | (2,433) | 170,352 |
| Collections | 15,070 | 92 | (27) | 15,135 |
| | 2,745,108 | 113,178 | (14,508) | 2,843,778 |
| Less: Accumulated depreciation | 1,284,726 | 101,111 | (8,425) | 1,377,412 |
| Capital assets, net | \$1,460,382 | \$ 12,067 | \$ (6,083) | \$1,466,366 |

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

6. Bonds, Notes, Capital Leases, and Other Debt

Bonds, notes, capital leases, and other debt at June 30, 2013 comprise the following (*in thousands*):

| Bond Series – Fixed Rate Debt | Issue Date | Maturity Dates Through | Interest Rates | Amount |
|--|------------|---------------------------|----------------|---------------------|
| 2004A | 2004 | 2031 | 4.00 - 5.00% | \$ 10,885 |
| 2004D | 2004 | 2015 | 5.00% | 2,925 |
| 2004E | 2005 | 2016 | 3.75 - 5.00% | 4,855 |
| 2005A | 2005 | 2020 | 5.00% | 62,620 |
| 2005D | 2006 | 2019 | 4.00 - 5.00% | 20,410 |
| 2006A | 2006 | 2031 | 3.75 - 5.00% | 40,710 |
| 2007A | 2007 | 2031 | 4.00 - 5.00% | 71,540 |
| 2007G | 2008 | 2034 | 3.75 - 5.00% | 82,405 |
| 2008C | 2008 | 2031 | 3.12 - 5.00% | 34,380 |
| 2008G | 2009 | 2020 | 4.00 - 5.50% | 14,645 |
| 2009C | 2010 | 2030 | 3.00 - 5.00% | 98,695 |
| 2009E | 2010 | 2030 | 2.50 - 4.65% | 5,450 |
| 2010B | 2011 | 2015 | 3.00% | 340 |
| 2010C (Taxable Build America Bonds) | 2011 | 2039 | 3.24 - 6.48% | 94,865 |
| 2010F | 2011 | 2034 | 3.00 - 5.00% | 89,595 |
| 2010G (Taxable Build America Bonds) | 2011 | 2032 | 4.72 - 6.28% | 14,880 |
| 2011A | 2011 | 2021 | 3.50 - 5.00% | 13,705 |
| 2011C | 2011 | 2031 | 3.00 - 5.25% | 26,645 |
| 2011E | 2012 | 2028 | 3.00 - 5.00% | 29,125 |
| 2012A | 2012 | 2031 | 2.00 - 5.00% | 87,730 |
| 2012C | 2013 | 2033 | 3.00 - 5.00% | 82,535 |
| 2013A | 2013 | 2034 | 3.12 - 5.00% | 16,120 |
| Total bonds – fixed rate debt | | | | <u>905,060</u> |
| Notes | | | | |
| 2012D | Dec-12 | Dec-13 | 1.50% | 2,500 |
| 2013B | May-13 | May-14 | 1.50% | 30,050 |
| Total notes | | | | <u>32,550</u> |
| Capital Leases | | | | |
| University Center (2005) | 2005 | 2024 | 3.50-5.00% | 45,755 |
| Stetson capital lease | 2006 | 2033 | 4.25-5.97% | 30,720 |
| Turner capital lease | 2006 | 2033 | 4.13-5.25% | 9,270 |
| Equipment capital leases | 2011 | 2014 | 2.09% | 90 |
| Total capital leases | | | | <u>85,835</u> |
| Total bonds, notes, and capital leases | | | | <u>1,023,445</u> |
| Other Debt | | | | |
| UHCURC*/Hamilton County Bonds-Series 2010 | 2011 | 2039 | 3.00-5.00% | 50,200 |
| Premium net of unamortized costs and loss on refunding | | | | 27,225 |
| Total other debt | | | | <u>77,425</u> |
| Total bonds, notes, capital leases, and other debt | | | | <u>\$ 1,100,870</u> |

*University Heights Community Urban Redevelopment Corporation (see Note 16)

Debt Issuances and Permanent Fundings

General Receipt Bonds

During the year ended June 30, 2013, the University issued the following general receipt fixed rate bond series:

Series 2012C tax exempt bonds were issued on December 6, 2012 in the amount of \$82,600,000. This bond series was issued at a premium and bears interest at rates ranging from 3.00% to 5.00%. The final maturity of Series 2012C is June 1, 2033. The proceeds were used to pay associated bond issue costs, to provide funding for the Utility Energy Savings Project Phase 4, and to refund a total of \$88,410,000 of existing debt as follows: \$30,735,000 of Series 2004A, \$13,595,000 of Series 2004D and \$9,480,000 of Series 2004E bonds were advance refunded; \$2,990,000 of Series 2002G bonds and \$31,610,000 of Series 2011F Notes were current refunded.

Series 2013A tax exempt bonds were issued on May 9, 2013 in the amount of \$16,120,000. This bond series was issued at a premium and bears interest at rates ranging from 3.125% to 5.00%. The final maturity of Series 2013A is June 1, 2034. The proceeds were used to pay associated bond issue costs and to provide funding for the following capital projects: Rieveschl Undergraduate Teaching Lab Renovation Phases 5 and 6 and Roof Replacement Phases 4 and 5.

Derivative Transactions

The University has one pay-fixed interest rate swap in effect at June 30, 2013, which has been in existence since May 1, 2009. The initial objective of this interest rate swap was to protect the University against the potential of rising interest rates within the fixed rate market. Through the evaluation process outlined in GASB standards, the University has determined its interest rate swap to be ineffective, thus it is considered to be an investment derivative versus a hedging derivative. The fair value of the swap on June 30, 2013 was (\$3,211,000). The fair value increased by \$2,052,000 in 2013; this change is reported as an investment gain within the Statement of Revenues, Expenses and Changes in Net Position and decreases the interest rate swap liability on the Statement of Net Position.

The following table summarizes the University's pay-fixed interest rate swap agreement as of June 30, 2013:

| Associated Debt Issue | Outstanding Notional Amount | Effective Date | Fixed Rate Paid | Variable Rate Index Received | Fair Value | Swap Termination Date | Counterparty Rating |
|-----------------------|-----------------------------|----------------|-----------------|------------------------------|---------------|-----------------------|---------------------|
| 2013B BANS | \$24,075,000 | 5/1/2009 | 3.163% | USD- 67% LIBOR-BBA-1M | (\$3,211,000) | 6/1/2030 | AA-/Aa3 |

Based on the swap agreement, the University pays to the swap counterparty (Royal Bank of Canada) interest calculated at a fixed rate. In return, the swap counterparty pays the University interest based on a specified index. Only the net difference in interest payments is actually exchanged between the parties. The University continues to pay interest on the 2013B BANS obligations as due. The University has no collateral posting requirements on this swap.

Risks

Credit Risk: There are no counterparty collateral posting requirements on the swap. The University was not exposed to credit risk of the counterparty as the swap had a negative fair value throughout fiscal year 2013. A derivative management guideline is in place at the University, which addresses diversifying counterparty risk and limiting the University's credit exposure on derivative transactions.

Basis Risk: The swap exposes the University to basis risk should the interest rate received on the swap be less than the interest rate paid on the obligation. This mismatch will effectively result in a higher synthetic fixed rate and the expected savings may not be realized. As of June 30, 2013, the University is experiencing basis risk due to the issuance of a BAN at a higher rate of interest than what is being received on the swap.

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

Market-access Risk: Market conditions in the spring of 2009 prevented the University from issuing a variable rate bond series to coincide with the June 1, 2030 maturity date of the swap, therefore Series 2009A BANS was issued on May 12, 2009. Subsequent BANS have been issued on an annual basis to refund maturing notes; Series 2013B BANS is the current debt issue associated with the swap. The University will again reevaluate the municipal market and the fair value of the swap in the spring of 2014 to take appropriate actions relating to the Series 2013B BANS and the outstanding swap.

Fair Value

As of June 30, 2013, the fair value of the swap agreement was a liability of \$3,211,000 (reported as interest rate swap liability on the Statement of Net Position), indicating the amount that the University would be required to pay the counterparty to terminate the swap agreement. The fair value was estimated using the income approach, which converts future cash flows to a single present value using discounting. That value is then adjusted to incorporate non-performance risk for the University since the swap is a liability. The fair value of the swap agreement was developed by an independent third party with no vested interest in the swap transaction.

Bond Anticipation Notes

During the year ended June 30, 2013, the University issued the following Bond Anticipation Notes (BANS):

- Series 2012D was issued at a premium on December 13, 2012 in the amount of \$2,500,000, at an interest rate of 1.50%, to current refund \$2,500,000 of 2011F BANS. The remaining Series 2011F BANS were refunded within Series 2012C Bonds or retired with University cash and gifts. Series 2012D matures on December 12, 2013.
- Series 2013B was issued at a premium on May 9, 2013 in the amount of \$30,050,000, at an interest rate of 1.50%, to current refund \$30,050,000 of Series 2012B BANS. Series 2013B matures on May 9, 2014.

Capital Lease Obligations

At June 30, 2013, the capital lease obligation to finance the costs of the University's University Center project was \$45,755,000. The lease for the University Center constitutes an unconditional obligation of the University to make lease payments which pay principal and interest on certain certificates of participation issued by The Bank of New York Mellon Trust Company, N.A., as trustee, through the final maturity of such certificates to the extent of the University's general receipts.

In addition, the University has capital lease obligations in connection with the financing of two buildings (One Stetson Square and the Turner Center) which are owned by King Highland Community Urban Redevelopment Corporation and occupied, all or in part, by the University. At June 30, 2013, the University's capital lease obligation for One Stetson Square was \$30,720,000; at June 30, 2013, the University's capital lease obligation for Turner Center was \$9,270,000. This financing was affected by the issuance of economic development revenue bonds by the County of Hamilton, Ohio (the "King Highland Bonds"). The leases for One Stetson Square and the Turner Center also constitute unconditional obligations to make lease payments which pay the principal and interest on the King Highland Bonds.

The University has not pledged its general receipts to the payment of these leases nor has the University pledged its general receipts to the payment of such Certificates of Participation. Holders of the Bond Anticipation Notes have a prior and superior claim to the general receipts than does King Highland and the trustee for the holders of such Certificates of Participation.

The University also had \$90,000 of financing obligations outstanding for equipment located in various departmental units at June 30, 2013. The obligations issued for equipment are unsecured except for an interest in the equipment.

Refundings

General Receipts Bond Anticipation Notes—Series 2013B general receipt bond anticipation notes (BANS) were issued on May 9, 2013 in the amount of \$30,050,000 for the purpose of current refunding \$31,960,000 of Series 2012B BANS. The proceeds from the sale of the Series 2013B BANS along with University gifts were used to refund/retire Series 2012B BANS on May 9, 2013. Series 2013B BANS were issued to refund \$6,150,000 issued in advance of the receipt of gifts; and to refund \$23,900,000 of the Series 2012B BANS which current refunded Series 2011B BANS issued in May, 2011, which current refunded Series 2010A BANS issued in May 2010, which current refunded Series 2009A BANS issued in May 2009 to current refund \$23,380,000 of the following June 1, 2009 fixed rate bond maturities: Series AL1 \$240,000, Series AO \$480,000, Series AQ \$270,000, Series AT \$30,000, Series AU \$105,000, Series AV \$35,000, Series AZ \$80,000, Series 2001A \$7,090,000, Series 2002A \$240,000, Series 2002D \$340,000, Series 2002F \$1,725,000, Series 2002G \$1,015,000, Series 2003C \$4,430,000, Series 2004A \$2,130,000, Series 2004D \$975,000, Series 2004E \$1,295,000, Series 2006A \$2,120,000 and Series 2007A \$780,000. The Series 2009A BANS were initially issued in place of variable rate bonds. The interest rate swap is now associated with the 2013B BAN issue. When bonds are issued to replace the BANS, they will have maturities that will correspond to the swap amortization. There was no gain or loss on the refunding transaction.

General Receipts Bonds— Series 2012C general receipt bonds were issued on December 6, 2012 in the amount of \$82,600,000. The proceeds were used to refund a total of \$88,410,000 in existing debt which included current refunding \$2,990,000 of Series 2002G fixed rate bonds and \$31,610,000 of Series 2011F BANS; and advance refunding \$30,735,000 of Series 2004A, \$13,595,000 of Series 2004D, and \$9,480,000 of Series 2004E fixed rate bonds. The purpose of this transaction was to refund callable maturities to achieve future debt service savings as well as to permanently fix short-term debt associated with capital projects. The economic gain to the University is \$7,398,000 and will be realized over a period of 19 years as a reduction of interest expense. As a result of the refunding, \$3,362,000 has been recorded as a deferred loss on refunding recorded within accrued liabilities on the Statement of Net Position and will be amortized into income from 2013 through 2031. The deferred loss on refunding reflects the difference between the refunding reacquisition price for the respective portion of Series 2012C and the net carrying amount of the outstanding principal balances of the refunded debt issues.

Collateralization and Debt Service Reserves

The general receipts bonds and general receipts bond anticipation notes are collateralized by a pledge of general receipts of the University. The capital lease obligations and capital leases (Stetson and Turner) are secured by base rent payments under the leases. The net book value of assets under capital lease obligations is \$103,558,000 as of June 30, 2013. Payment of base rents is subordinate to debt service payments on the University's general receipt bonds and bond anticipation notes. The capital leases related to equipment is collateralized by the specified equipment.

Debt service reserves were required for debt issued under the Original Trust Agreement dated May 1, 1974. The Amended and Restated Trust Agreement dated May 1, 2001 removed the debt service reserve requirement for subsequent bond issues, but required the debt service reserves on pre-amended bonds to remain in place until they were fully refunded or retired. All pre-amended bonds have been fully refunded or retired as of June 30, 2013 and thus the University no longer maintains any debt service reserves.

Debt Service Commitments

For bonds and notes payable at June 30, 2013 (including the UHCURC/Hamilton County bonds), scheduled annual debt service payments subsequent to June 30, 2013 are as follows (*in thousands*):

| <u>Fiscal Year</u> | <u>Principal *</u> | <u>Interest**</u> | <u>Total</u> |
|------------------------|--------------------|-------------------|--------------------|
| 2014 | \$72,150 | \$47,353 | \$119,503 |
| 2015 | 45,450 | 45,137 | 90,587 |
| 2016 | 47,405 | 43,150 | 90,555 |
| 2017 | 52,415 | 41,058 | 93,473 |
| 2018 | 55,085 | 38,583 | 93,668 |
| 2019-2023 | 261,285 | 153,829 | 415,114 |
| 2024-2028 | 219,210 | 92,780 | 311,990 |
| 2029-2033 | 147,115 | 45,739 | 192,854 |
| 2034-2038 | 72,815 | 15,874 | 88,689 |
| 2039-2040 | <u>14,880</u> | <u>1,008</u> | <u>15,888</u> |
| Total | <u>\$987,810</u> | <u>\$524,511</u> | <u>\$1,512,321</u> |

* Fiscal year 2014 principal includes \$32,550,000 of BANS that are outstanding as of June 30, 2013. These BANS are expected to be retired, renewed or refunded into long term debt.

** Amounts do not reflect federal subsidies to be received for Build America Bonds interest.

The University's \$24,075,000 LIBOR swap is currently attached to Series 2013B BANS. Principal and associated interest for this BAN series is reflected within FY14 in the debt service table; the swap payments associated with the LIBOR swap are not reflected in the table.

Scheduled principal and interest payments on capital leases subsequent to June 30, 2013 are (*in thousands*):

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------|------------------|-----------------|------------------|
| 2014 | \$5,605 | \$4,295 | \$9,900 |
| 2015 | 5,830 | 4,028 | 9,858 |
| 2016 | 6,785 | 3,732 | 10,517 |
| 2017 | 4,300 | 3,394 | 7,694 |
| 2018 | 4,570 | 3,179 | 7,749 |
| 2019-2023 | 27,505 | 12,187 | 39,692 |
| 2024-2028 | 16,175 | 5,882 | 22,057 |
| 2029-2033 | <u>15,065</u> | <u>2,333</u> | <u>17,398</u> |
| Total | <u>\$85,835</u> | <u>\$39,030</u> | <u>\$124,865</u> |

Defeased Debt

Debt defeased by the University for which amounts remain outstanding at June 30, 2013, is *(in thousands)*:

| <u>Bond Series</u> | <u>Maturity Dates</u> | <u>Interest Rate(s)</u> | <u>Amount Outstanding</u> |
|--------------------|------------------------|-------------------------|---------------------------|
| Series 2004A | 2016-2031 | 4.375-5.00% | \$30,735 |
| Series 2004D | 2015-2016 2023-2026 | 4.75-5.00% | 37,845 |
| Series 2004E | 2017-2021 | 3.85%-5.00% | 9,480 |
| Total | | | <u>\$78,060</u> |

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

Other

Interest expense on indebtedness, net of Build America Bond federal interest subsidy (\$248,000) for the year ended June 30, 2013 was \$44,334,000. Capitalized interest expense on construction-related debt, net of Build America Bond Federal interest subsidy (\$1,981,000) and interest earnings (\$299,000) was \$5,872,000.

7. Long-Term Liabilities

Long-term liabilities as of June 30, 2013 are as follows *(in thousands)*:

| | <u>Balance July 1, 2012</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance June 30, 2013</u> | <u>Current Portion</u> | <u>Noncurrent Portion</u> |
|--|---------------------------------|------------------|-------------------|----------------------------------|----------------------------|-------------------------------|
| Bonds, notes and capital leases: | | | | | | |
| Bonds and notes payable | \$1,039,665 | \$131,270 | \$183,125 | \$987,810 | \$72,150 | \$915,660 |
| Capital lease-equipment | 3,108 | - | 3,018 | 90 | 90 | - |
| Capital lease obligations | 90,665 | - | 4,920 | 85,745 | 5,515 | 80,230 |
| Premium net of unamortized costs and loss on refunding | <u>19,340</u> | <u>12,694</u> | <u>4,809</u> | <u>27,225</u> | <u>3,385</u> | <u>23,840</u> |
| Total bonds, notes and capital leases | <u>1,152,778</u> | <u>143,964</u> | <u>195,872</u> | <u>1,100,870</u> | <u>81,140</u> | <u>1,019,730</u> |
| Other long-term liabilities: | | | | | | |
| Compensated absences | 59,062 | 3,897 | 7,046 | 55,913 | 37,444 | 18,469 |
| Government loan advances | 25,168 | 711 | 26 | 25,853 | - | 25,853 |
| Interest rate swap liability | <u>5,263</u> | <u>-</u> | <u>2,052</u> | <u>3,211</u> | <u>-</u> | <u>3,211</u> |
| Total other long-term liabilities | <u>89,493</u> | <u>4,608</u> | <u>9,124</u> | <u>84,977</u> | <u>37,444</u> | <u>47,533</u> |
| Total | <u>\$1,242,271</u> | <u>\$148,572</u> | <u>\$204,996</u> | <u>\$1,185,847</u> | <u>\$ 118,584</u> | <u>\$1,067,263</u> |

8. Operating Leases

The University leases various office space and equipment under operating lease arrangements. These facilities and equipment are not recorded as assets on the Statement of Net Position. The total rental expense under all arrangements was \$6,527,000 for the year ended June 30, 2013.

There are two significant operating leases that the University has entered into with initial or remaining terms in excess of one year as of June 30, 2013. In August 2010, the University entered into an operating lease arrangement with IRG Batavia I, LLC for the use of two buildings and common space located in Batavia, Ohio. This lease has an initial term of five years with four renewal options of five year terms each. Monthly lease payments started at \$30,565 with an increase of 3% each lease year thereafter. The expense for this lease in 2013 was \$436,241. In May 2013, the University entered into an operating lease arrangement with USquare, LLC for the use of office space adjacent to the Uptown campus. This lease has an initial term of ten years with renewal options of two consecutive five year terms. There was no expense for this lease in 2013.

Future minimum payments for the above two operating leases as of June 30, 2013, are as follows:

| <u>Year Ending June 30,</u> | |
|-----------------------------|---------------------|
| 2014 | \$ 518,338 |
| 2015 | 1,038,651 |
| 2016 | 646,982 |
| 2017 | 598,333 |
| 2018 | 607,167 |
| 2019-2023 | <u>3,119,900</u> |
| | <u>\$ 6,529,371</u> |

9. State Support

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

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

10. Retirement Plans and Other Post Employment Benefits

Retirement benefits are available for substantially all employees under one of several contributory retirement plans. Prior to July 1, 1977, when the University became a state institution, employees were covered by either the City of Cincinnati Retirement System (CRS) or the Teachers' Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF). Certified teachers appointed on or after July 1, 1977, are covered by the State Teachers Retirement System (STRS Ohio). Non-certified employees appointed on or after that date are covered by the Ohio Public Employees Retirement System (OPERS). Employees may opt out of STRS Ohio and OPERS and participate in the Alternative Retirement Plan (ARP) if they meet certain eligibility requirements.

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

Defined Benefit Plans

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

OPERS provides postemployment health care benefits to retirees with ten or more years of qualifying Ohio service credit under the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage. The plan benefits include a medical plan, prescription drug program and Medicare Part B premium reimbursement. The Ohio Revised Code permits, but does not mandate, OPERS to provide Other Post Employment Benefits (OPEB) to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to Chapter 3307 of the Ohio Revised Code, STRS Ohio has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of monthly premiums.

Both plans issue separate, publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by contacting each organization as follows:

OPERS
277 East Town Street, Columbus, Ohio 43215-4642
Telephone (800) 222-7377
www.opers.org

STRS Ohio
275 East Broad Street, Columbus, Ohio 43215-3771
Telephone (888) 227-7877
www.strsoh.org

Defined Contribution Plans

On June 23, 1998, pursuant to Ohio House Bill 586, the University created an Ohio Alternative Retirement Plan (ARP), which is designed to aid the University in recruiting and retaining employees by offering a portable retirement option. The ARP is a defined contribution plan that provides full and immediate vesting of all contributions made on behalf of the participant. Contributions are directed to one of eight investment management companies, which allow the participant to manage the investment of all retirement funds. New employees who qualify for the ARP have 120 days from the date of hire to elect the ARP option. Once this window has passed, the employee will not have the option to elect into the ARP. ARP does not provide disability benefits, annual cost-of-living adjustments, postretirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

At June 30, 2013, there were 1,949 members of the plan. Under the provisions of ARP, the required rate for plan participants was 10% for 2013. The employer contribution rate for participants electing out of OPERS and STRS Ohio was 14% for 2013. During 2013, 2012, and 2011, the employer contributions were \$14,196,000, \$14,134,000, and \$14,336,000, respectively.

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

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

Combined Plans

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

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

Funding Policy

The Ohio Revised Code provides OPERS and STRS Ohio statutory authority over employer and employee contributions. The required actuarially determined contribution rates (as a percentage of covered payroll) for the employee and the University are as follows for the year ending June 30, 2013:

| | <u>OPERS (staff)</u> | <u>OPERS (Law Enforcement staff)</u> | <u>STRS Ohio</u> |
|--------------------|--------------------------|--|------------------|
| <u>Employee:</u> | | | |
| Entire fiscal year | 10% | | 10% |
| 7/12 – 12/12 | | 12.10% | |
| 1/13 – 6/13 | | 12.60% | |
| <u>University:</u> | | | |
| Entire fiscal year | 14% | 18.10% | 14% |

The University's contributions, representing 100% of employer contributions for the year ended June 30, 2013, and for each of the two preceding years are as follows (*in thousands*):

| <u>Fiscal Year</u> | <u>OPERS</u> | <u>STRS Ohio</u> |
|--------------------|--------------|------------------|
| 2013 | \$21,094 | \$18,899 |
| 2012 | \$21,405 | \$17,843 |
| 2011 | \$21,534 | \$17,894 |

OPERS Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For the year ended December 31, 2012, OPERS allocated 4.0% of the employer contribution rate to fund the health care program for members in the Traditional Plan. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05%. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. University employer contributions to OPERS to fund OPEB for 2013, 2012, and 2011 were approximately \$6,026,000, \$6,115,000, and \$6,921,000 respectively.

For the fiscal year ended June 30, 2012, STRS Ohio allocated employer contributions equal to 1.0% covered payroll to a Health Care Stabilization Fund from which payments for health care benefits are paid. University employer contributions to STRS Ohio to fund OPEB for 2013, 2012, and 2011 were approximately \$1,350,000, \$1,274,000, and \$1,278,000, respectively.

11. Risk Management and Self-Insurance Funds

The University is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. Settled claims have not exceeded commercial coverage in any of the three preceding years. The state of Ohio self-insures workers' compensation benefits for all state employees, including University employees. Workers' compensation claims are administered by CareWorks.

The University provides for medical professional and general liability insurance through a combination of an actuarially funded self-insurance program sponsored by the University and has purchased commercial insurance in excess of the self-insurance amount. The medical professional liability insurance program also includes qualified not-for-profit physician practice corporations, largely subsumed into University of Cincinnati Physicians, Inc. Medical professional self-insurance limits were \$4 million per occurrence for 2013. An additional \$30 million in commercial excess professional liability insurance was provided above the self-insured retention.

The University's self-insurance program is based on calculations by independent actuaries and funds are deposited directly into two irrevocable self-insurance trust funds, one for medical and professional liability and one for general liability. In the opinion of management, trust assets totaling approximately \$27,293,000 are adequate to cover estimated liabilities resulting from known claims and incidents and incurred-but-not-reported incidents as of June 30, 2013 for the University and University of Cincinnati Physicians, Inc. Trust assets recorded on the University's financial report total \$4,025,000 included in current portion of other assets and liabilities of \$598,000 included in accrued liabilities in the Statement of Net Position as of June 30, 2013.

General liability coverage is also provided as part of a group insurance program of Ohio state universities known as the Inter-University Council of Ohio Insurance Consortium (IUC-IC). This program provided for \$10 million retention per occurrence with the first \$100,000 funded by UC, \$900,000 funded by pooled funds held through the IUC-IC and \$9 million reinsured through a commercial reinsurance agreement. Excess commercial coverage for general liability was provided with total limits of \$50 million shared with the other participating universities. In addition, educators' legal liability coverage was provided through the IUC-IC program with \$35 million in total limits also shared among the participating institutions. The IUC-IC self-insurance pools are funded by an agreed formula among the participating universities. This program qualifies as a public entity risk pool as defined by GASB standards and is classified as a risk-sharing pool. Under this arrangement, there is a transfer of risk from the University to the pool. Therefore, there is no recognition in the University's financial statements of assets or liabilities related to the IUC-IC program.

Property insurance is also provided through the IUC-IC program, consisting of commercial property insurance with a \$350,000 retention, and a self-insurance pool to fund retained losses subject to a \$100,000 university deductible. Total insurance expense paid through the IUC-IC program was \$1,197,000.

The University is also self-insured for a portion of medical, dental, and pharmacy benefits provided to employees. The cost of such self-insured benefits provided during 2013 was approximately \$84,451,000. In addition, \$6,289,000 was accrued for 2013, for estimated claims incurred but not reported.

12. Other Commitments and Contingencies

The University is currently a defendant in various legal actions. Although the final outcome of such actions cannot currently be determined, the University's administration is of the opinion that the eventual liability, if any, will not have a material effect on the financial position or operations of the University.

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

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

13. Capital Project Commitments

At June 30, 2013, the University is committed to future capital expenditures as follows (*in thousands*):

| | |
|--|-------------------|
| Contractual commitments | \$ 81,640 |
| Estimated completion costs of projects | <u>194,964</u> |
| Total | <u>\$ 276,604</u> |

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

| | |
|---|-------------------|
| Approved state appropriations requested and released as of June 30, 2013 | \$ 9,200 |
| Approved state appropriations not yet requested | 17,471 |
| University funded prior to June 30, 2013 | 51,511 |
| Funds to be provided subsequent to June 30, 2013, from various available sources | <u>198,422</u> |
| Total | <u>\$ 276,604</u> |

The \$198,422 of funding to be provided subsequent to June 30, 2013 will come from state funds, debt, and University funds.

14. Restricted Net Position

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

| | |
|---------------------------|-------------------|
| Restricted nonexpendable: | |
| Instruction | \$ 103,221 |
| Research | 34,942 |
| Academic support | 41,511 |
| College/programs | 80,209 |
| Scholarships | 71,148 |
| Interest in UC Health | 420,645 |
| Other | <u>12,311</u> |
| | 763,987 |
| Less: UHCURC Elimination | <u>16,998</u> |
| Total | <u>\$ 746,989</u> |

| | |
|------------------------|-------------------|
| Restricted expendable: | |
| Instruction | \$ 28,825 |
| Research | 97,456 |
| Academic support | 25,763 |
| College/programs | 96,561 |
| Scholarships | 35,911 |
| Student loans | 10,070 |
| Grants and contracts | 425 |
| Capital projects | <u>2,724</u> |
| Total | <u>\$ 297,735</u> |

15. Related Organization

The University of Cincinnati Physicians, Inc. (UCP) is a legally separate nonprofit corporation formed under Chapter 1702 of the Ohio Revised Code through which the faculty of the University of Cincinnati's College of Medicine engage in clinical practice. In 2011, UCP entered into an integration of operations and assets agreement with UC Health and UC Health's wholly-owned subsidiary, University of Cincinnati Physicians Company (UCPC), an Ohio non-profit corporation, to form a common medical enterprise. This agreement facilitates the legal arrangements for UCP to lease certain of its employees and provide administrative and operational support services to UCPC. The agreement also facilitated the conveyance, transfer, and deliverance to UCPC assets and liabilities used in connection with the operations of the medical practices and related businesses.

The University appoints a voting majority of UCP's Board of Directors. However, the University's accountability for UCP does not extend beyond making these appointments. As such and per GASB standards, UCP does not qualify as a component unit of the University.

16. University Heights Community Urban Redevelopment Corporation

University Heights Community Urban Redevelopment Corporation (UHCURC) is organized as a not-for-profit corporation under the laws of the state of Ohio. Its mission is to revitalize the University Heights neighborhood adjacent to the University of Cincinnati. UHCURC was organized by three founding members: The Heights Community Council, the Greek Affairs Council and the University of Cincinnati. The corporation owns a student housing complex that consists of 20 buildings with the capacity to house approximately 700 students.

The governance structure of UHCURC's Board of Trustees gives the University a voting majority on the board. Due to this structure and the fact the University can impose its will on UHCURC, the organization is reported as a blended component unit of the University. Accordingly, all significant intercompany accounting transactions have been eliminated as required by generally accepted accounting principles.

UHCURC's fiscal year end is August 31. As GASB standards require, the reporting entity should incorporate financial statements for the blended component unit's fiscal year ending during the reporting entity's fiscal year. Therefore, UHCURC's financial statements for the year ending August 31, 2012 have been blended with the University's financial statements for the fiscal year ending June 30, 2013.

A condensed statement of net position for UHCURC as of August 31, 2012 and the related statement of revenues, expenses and changes in net position and statement of cash flows for the year then ended are as follows:

Statement of Net Position

| | 8/31/2012 |
|---|----------------|
| Current assets | \$40,093 |
| Accounts receivable – University of Cincinnati | 9,228 |
| Capital assets not being depreciated | 4,788,026 |
| Capital assets being depreciated, net | 46,358,503 |
| Total assets | 51,195,850 |
| Current liabilities | 590,812 |
| Long-term debt – current portion | 980,000 |
| Long-term debt | 47,617,597 |
| Accrued interest payable – University of Cincinnati | 8,394,649 |
| Notes payable – University of Cincinnati | 16,998,436 |
| Total liabilities | 74,581,494 |
| Net Investment in capital assets | 558,943 |
| Unrestricted | (23,944,587) |
| Total net position | \$(23,385,644) |

Statement of Revenues, Expenses and Changes in Net Position

| | 8/31/2012 |
|-------------------------------------|------------------------------|
| Operating revenues | \$3,341,323 |
| Operating expenses | 3,488,869 |
| Depreciation | 1,583,865 |
| Decrease in net position | (1,731,411) |
| Net position, beginning of the year | (21,654,233) |
| Net position, end of the year | <u><u>\$(23,385,644)</u></u> |

Statement of Cash Flows

| | 8/31/2012 |
|--|------------------------|
| Net cash from operating activities | \$988,679 |
| Net cash used for capital and financing activities | (994,560) |
| Net decrease in cash and cash equivalents | (5,881) |
| Cash and cash equivalents, beginning of the year | 44,142 |
| Cash and cash equivalents, end of the year | <u><u>\$38,261</u></u> |

17. University of Cincinnati Foundation

The University of Cincinnati Foundation is a legally separate, tax-exempt component unit of the University. The Foundation complies with FASB pronouncements for reporting purposes. The principal function of the Foundation is to solicit, reserve, hold, invest and administer funds and to make distributions to or for the benefit of the University. Since these resources held by the Foundation can be used only by or for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. The University received \$41,006,000 in payments from the Foundation for the period ended June 30, 2013. These payments are reported as gifts on the University's Statement of Revenues, Expenses, and Changes in Net Position.

Separate financial information regarding the Foundation may be obtained by contacting the Foundation at University of Cincinnati Foundation, University Hall, Suite 100, 51 Goodman Drive, Cincinnati, Ohio 45221-0064. Selected disclosures from the University of Cincinnati Foundation financial statements can be found beginning on the following page.

THE UNIVERSITY OF CINCINNATI FOUNDATION NOTES TO FINANCIAL STATEMENTS

PLEDGES RECEIVABLE

Contributors to the Foundation have made unconditional pledges totaling approximately \$85,797,000 as of June 30, 2013. For payments that extend beyond one year, these pledges receivable have been discounted at rates ranging from 0.8% to 6.0% to a net present value of approximately \$72,197,000 as of June 30, 2013.

As of June 30, the unpaid pledges are due as follows:

| | 2013 |
|--|----------------------|
| Less than one year | \$ 32,528,604 |
| One to five years | 19,520,080 |
| More than five years | <u>33,747,820</u> |
| | 85,796,504 |
| Less discount to present value | (13,599,850) |
| Less allowance for uncollectible pledges | <u>(4,128,000)</u> |
| | \$ 68,068,654 |

The Foundation records unconditional promises to give at fair value on the date the promise to give is received using the expected present value technique ("EPV"). EPV calculates present value by discounting risk-adjusted expected cash flows using a risk-free interest rate (yield to maturity on U.S. Treasuries representing the average pledge term). Amortization of the discount is recorded as additional contribution revenue.

Amounts due from irrevocable bequests, which are unconditional promises to give, as of June 30, 2013, of approximately \$17,457,000, are included in the total amount of unconditional pledges due in more than five years. The allowance for uncollectible pledges includes approximately \$1,719,000 associated with the irrevocable bequests as of June 30, 2013.

Fourteen donors currently have outstanding conditional pledges to the Foundation. As of June 30, 2013, the conditions were not substantially met, therefore, the net present value of the pledges is not included in the carrying amount of pledges receivable. The net present value of the conditional pledges approximated \$1,518,000 as of June 30, 2013.

ENDOWMENT FUNDS

Endowment assets are invested in a manner consistent with statutory fiduciary responsibilities and policies adopted by the Foundation's Board of Trustees. The primary objective is to produce long-term real growth in assets, net of administrative and investment fees, by generating a total endowment rate of return which is greater than the spending rate plus the Consumer Price Index. Strategies to achieve the primary objective at a prudent level of risk include: (a) diversification of assets among various classes; (b) diversification of investment styles within asset class; and (c) ongoing review of investment manager performance with respect to rate of return, adherence to investment style and compliance with investment guidelines.

The Foundation's endowment pool and separately invested endowment funds include donor restricted endowment funds, funds designated by the Board of Trustees for reinvestment in the endowment funds, and investment income on the endowment funds that have been appropriated for expenditure. As required by US GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the absence or existence of donor imposed restrictions.

The Board of Trustees has interpreted the State of Ohio's UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with the Foundation's interpretation of UPMIFA, investment income and appreciation/depreciation earned on investments held in the permanently restricted endowment funds are credited to either unrestricted or temporarily restricted net assets, unless otherwise stipulated by the donor. Financial assets are to be invested in a manner consistent with statutory fiduciary responsibilities and policies adopted by the Foundation's Board of Trustees.

There are 926 endowment funds at June 30, 2013. As of June 30, 2013, the fair value of these funds collectively was \$30,076,448 less than the original gift amounts.

The Foundation has adopted a spending rate policy that limits the distribution of endowment income. The spending rate is 5% of the moving average market value for the twelve-quarter period ended each December. Earnings above the spend rate limit are reinvested in the endowment fund for the purposes of promoting endowment fund growth. During 2013, income earned in the investment pool was less than the amount allocated for expenditure by approximately \$7,862,900. This shortfall was funded by cumulative capital gains in the investment pool for the year ended June 30, 2013.

The endowment net asset composition by type of fund as of June 30, 2013, was as follows:

| | 2013 | | | |
|----------------------------------|------------------------|------------------------|------------------------|-----------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Donor restricted endowment funds | \$ - | \$ 55,672,402 | \$ 236,267,082 | \$ 291,939,484 |
| Board designated endowment funds | (25,885,729) | - | - | (25,885,729) |
| Total | <u>\$ (25,885,729)</u> | <u>\$ 55,672,402</u> | <u>\$ 236,267,082</u> | <u>\$ 266,053,755</u> |

The change in endowment fund net assets for the year ended June 30, 2013, is as follows:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|------------------------|------------------------|------------------------|-----------------------|
| Endowment net assets, beginning of year | \$ (29,612,721) | \$ 50,888,885 | \$ 216,909,852 | \$ 238,186,016 |
| Investment income: | | | | |
| Interest and dividend income | 389,708 | 7,803,338 | 16,425 | 8,209,471 |
| Net realized/unrealized gain | <u>3,707,230</u> | <u>4,001,777</u> | <u>-</u> | <u>7,709,007</u> |
| Total investment income | 4,096,938 | 11,805,115 | 16,425 | 15,918,478 |
| Contributions and other transfers | - | 2,098,496 | 17,389,710 | 19,488,206 |
| Appropriation of endowment assets for expenditure | (412,473) | (9,874,584) | (65,710) | (10,352,767) |
| Other changes: | | | | |
| Other income | - | 508,541 | 1,291,448 | 1,799,989 |
| Income reinvestment | <u>42,527</u> | <u>245,949</u> | <u>725,357</u> | <u>1,013,833</u> |
| Endowment net assets, end of year | <u>\$ (25,885,729)</u> | <u>\$ 55,672,402</u> | <u>\$ 236,267,082</u> | <u>\$ 266,053,755</u> |

Permanently restricted endowment assets appropriated for expenditure relate primarily to contributions received where a donor originally permanently restricted the donation and subsequently changed the nature of the restriction.

INVESTMENTS

In July 2002, the Foundation combined its pooled investment securities with the investment pool of the University. This action was taken to maximize investment diversification and realize economies of scale with respect to costs

of managing the investments. The Foundation continues to serve as trustee for these assets. The Foundation maintains individual records of each fund included in the transfer of assets to the investment pool of the University. Each fund subscribes to, or disposes of, units in the pool at the unit market value at the end of each quarter. Income is allocated to each fund in the pool based on units of participation. As of June 30, 2013, the University is holding approximately \$1,827,000 that is to be invested in the University pooled investments. This amount is recorded as other investments in the Statements of Financial Position.

The Foundation also manages other investments, which amounted to approximately \$46,765,000 as of June 30, 2013. These funds represent separately invested endowments, temporary cash investments, and split-interest trusts where the Foundation is the remainderman.

The following presents investments held by the Foundation as of June 30, 2013:

| | 2013 Fair Value | 2013 Cost |
|---|----------------------------|-----------------------|
| Cash equivalents | \$ 3,686,235 | \$ 3,686,434 |
| U.S. Government and agency obligations | 3,187,950 | 3,179,271 |
| Corporate bonds | 10,358,923 | 10,506,548 |
| Mutual funds | 20,332,239 | 19,690,655 |
| Common stocks and exchange traded funds | 11,026,652 | 8,672,349 |
| University pooled investments | <u>232,816,844</u> | <u>252,039,409</u> |
| Total | <u>\$ 281,408,843</u> | <u>\$ 297,774,666</u> |

The number of units in the University pooled investments owned by the Foundation totaled 2,879,300, which represents 31% share of the University investment pool as of June 30, 2013. The University pooled investments holds primarily common stock, mutual funds, and corporate and government fixed income obligations, which are stated at fair value as determined by market prices. In addition, the pool invests in loans to certain not-for-profit entities for the purpose of developing residential and commercial facilities near the University's main campus. These loans are secured by mortgages, some of which are subordinated to external financing arrangements, on parcels of land purchased by these not-for-profit entities for development. Certain investments in the University pooled investments are stated at fair value, as provided by the investment managers. Audited financial statements of the underlying investments in the University pooled investments as of June 30, 2013, are used as a basis for fair value when available. When not available, the fair value is based upon financial information as of an interim date, adjusted for cash receipts, cash disbursements and other distributions made through June 30, 2013. The Foundation believes that the carrying value of these investments is a reasonable estimate of fair value at June 30, 2013. Certain underlying investments in the University pooled investments are not readily marketable; therefore, the estimated values of these investments are subject to certain risks. As a result, the fair value of the University pooled investments could differ from the value that may have been determined had a market for certain investments in the University investment pool existed.

The underlying investments that comprise University pooled investments as of June 30 are as follows:

| | 2013 |
|---------------------------------------|-------------|
| U.S. equity securities | 23% |
| International equity securities | 20 |
| Fixed income securities | 16 |
| Private equity capital | 14 |
| Hedge funds | 17 |
| Real estate and community development | 10 |
| Total | <u>100%</u> |

BENEFICIAL INTEREST IN TRUSTS – OTHER TRUSTEES

The Foundation has been notified of thirteen trusts held by other trustees where the remainder interest will irrevocably benefit the University. In addition, the Foundation has been notified of two charitable lead unitrusts held by other trustees where annual payments are received by the Foundation. The Foundation values these assets by projecting the value of the trust assets to future periods and then discounting the anticipated cash flows at a rate reflective of the credit risk involved. Beneficial interest in trusts held by other trustees amounted to approximately \$8,925,000 as of June 30, 2013.

University of Cincinnati
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Schedule of Expenditures of Federal Awards
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| Federal Agency | Federal CFDA | Program Title or Pass Through Entity ID | Federal Expenditures |
|---|-------------------------|---|---------------------------------|
| STUDENT FINANCIAL AID CLUSTER | | | |
| STUDENT FINANCIAL AID - DIRECT FUNDS | | | |
| Department of Education | | | |
| Office of Student Financial Assistance Programs | 84.007 | Federal Supplemental Educational Opportunity Grants | 1,291,960 |
| Office of Student Financial Assistance Programs | 84.033 | Federal Work-Study Program | 1,578,242 |
| Office of Student Financial Assistance Programs | 84.038 | Federal Perkins Loan Program_Federal Capital Contributions | 27,015,399 |
| Office of Student Financial Assistance Programs | 84.063 | Federal Pell Grant Program | 39,405,666 |
| Office of Student Financial Assistance Programs | 84.268 | Federal Direct Student Loans | 294,094,958 |
| Department of Education | 84.379 | Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) | 133,534 |
| TOTAL DEPARTMENT OF EDUCATION | | | 363,519,759 |
| Department of Health and Human Services | | | |
| Health Resources and Services Administration | 93.264 | Nurse Faculty Loan Program (NFLP) | 117,115 |
| Health Resources and Services Administration | 93.342 | Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students | 857,269 |
| Health Resources and Services Administration | 93.364 | Nursing Student Loans | 743,713 |
| TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | 1,718,097 |
| TOTAL STUDENT FINANCIAL AID - DIRECT FUNDS | | | 365,237,856 |
| TOTAL STUDENT FINANCIAL AID CLUSTER | | | 365,237,856 |
| RESEARCH AND DEVELOPMENT CLUSTER | | | |
| RESEARCH AND DEVELOPMENT - DIRECT FUNDS | | | |
| Department of Agriculture | | | |
| Department of Agriculture | 10 | USDA FOREST SERVICE #10-JV-11242303-047 | 2,009 |
| Department of Agriculture | 10 | USDA Forest Service 12-JV-11221636-169 | 4,940 |
| Agricultural Research Service | 10.001 | Agricultural Research_Basic and Applied Research | 33,444 |
| National Institute of Food and Agriculture | 10.310 | Agriculture and Food Research Initiative (AFRI) | 161,897 |
| Foreign Agricultural Service | 10.961 | Scientific Cooperation and Research | 42,388 |
| TOTAL DEPARTMENT OF AGRICULTURE | | | 244,678 |
| Department of Defense | | | |
| Department of Defense | 12 | Army W81XWH-09-1-0673 | 62,945 |
| Department of Defense | 12 | Army W911NF-09-2-0034 | 23,662 |
| Department of Defense | 12 | Army W911QX-11-P-0132 | -1,161 |
| Department of Defense | 12 | Army W911QY-10-C-0185 | 57,673 |
| Department of Defense | 12 | Army W912HQ-11-P-0053 | -505 |
| Department of the Navy, Office of the Chief of Naval Research | 12.300 | Basic and Applied Scientific Research | 197,957 |
| Office of the Secretary of Defense | 12.351 | Basic Scientific Research - Combating Weapons of Mass Destruction | 500,070 |
| U.S. Army Medical Command | 12.420 | Military Medical Research and Development | 2,285,069 |
| U.S. Army Materiel Command | 12.431 | Basic Scientific Research | 127,401 |
| Department of the Air Force, Materiel Command | 12.800 | Air Force Defense Research Sciences Program | 2,364,573 |

University of Cincinnati
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Schedule of Expenditures of Federal Awards
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| Federal Agency | Federal CFDA | Program Title or Pass Through Entity ID | Federal Expenditures |
|---|-------------------------|--|---------------------------------|
| National Security Agency | 12.901 | Mathematical Sciences Grants Program | 39,359 |
| Advanced Research Projects Agency | 12.910 | Research and Technology Development | 898,718 |
| | | TOTAL DEPARTMENT OF DEFENSE | 6,555,761 |
| Department of Education | | | |
| Office of Special Education and Rehabilitative Services | 84.325 | Special Education - Personnel Development to Improve Services and Results for Children with Disabilities | 340,353 |
| | | TOTAL DEPARTMENT OF EDUCATION | 340,353 |
| Department of Energy | | | |
| Department of Energy | 81.049 | Office of Science Financial Assistance Program | 1,335,933 |
| Department of Energy | 81.049A | ARRA Office of Science Financial Assistance Program | 2,585 |
| Department of Energy | 81.087 | Renewable Energy Research and Development | 70,284 |
| Department of Energy | 81.089 | Fossil Energy Research and Development | 11,545 |
| Department of Energy | 81.121 | Nuclear Energy Research, Development and Demonstration | 168,380 |
| Department of Energy | 81.133A | ARRA-Geologic Sequestration Training and Research Grant Program | 103,484 |
| | | TOTAL DEPARTMENT OF ENERGY | 1,692,211 |
| Department of Health and Human Services | | | |
| Department of Health and Human Services | 93 | CDC/NIOSH 200-2012-M-53004 | 18,774 |
| Department of Health and Human Services | 93 | CDC/NIOSH 200-2012-M-53428 | 24,162 |
| Department of Health and Human Services | 93 | CDC/NIOSH 200-2012-M-53429 | 27,443 |
| Department of Health and Human Services | 93 | CDC/NIOSH 212-2011-M-40617 | 9,063 |
| Department of Health and Human Services | 93 | CDC/NIOSH 212-2011-M-40881 | 12,403 |
| Department of Health and Human Services | 93 | CDC/NIOSH 214-2013-M-54654 | 4,369 |
| Department of Health and Human Services | 93 | CDC/NIOSH 214-2013-M-54908 | 2,574 |
| Department of Health and Human Services | 93 | CDC/NIOSH 254-2010-M-34341 | 11,394 |
| Department of Health and Human Services | 93 | CDC/NIOSH 254-2010-M-35635 | 12,964 |
| Department of Health and Human Services | 93 | CDC/NIOSH 254-2011-M-40232 | 13,527 |
| Department of Health and Human Services | 93 | CDC/NIOSH 254-2011-M-40375 | 3,922 |
| Department of Health and Human Services | 93 | CDC/NIOSH 254-2011-M-40454 | 3,207 |
| Department of Health and Human Services | 93 | CDC/NIOSH 254-2012-M-51956 | 21,050 |
| Department of Health and Human Services | 93 | CDC/NIOSH 254-2012-M-52039 | 6,000 |
| Department of Health and Human Services | 93 | CDC/NIOSH 254-2012-M-52789 | 13,025 |
| Department of Health and Human Services | 93 | HHSN272201000029I | 155,531 |
| Department of Health and Human Services | 93 | HHSN272201000029I/HHSN2700002 | 73,123 |
| Department of Health and Human Services | 93 | HHSN272201200811P | 26,067 |
| Department of Health and Human Services | 93 | NICHHD HHSN275200403377I / HHSN275200900080U TASK 4 | 83,604 |
| Department of Health and Human Services | 93 | NICHHD HHSN275200403377I / HHSN275201000023U TASK 5 | 6,333 |
| Department of Health and Human Services | 93 | NICHHD HHSN275200403377I / HHSN275201100056U TASK 7 | 264,968 |
| Department of Health and Human Services | 93 | NICHHD HHSN275200403377I / HHSN275201100059U TASK 8 | 21,667 |
| Department of Health and Human Services | 93 | NICHHD HHSN275200403377I / HHSN275201100060U TASK 6 | 24,227 |

University of Cincinnati
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Schedule of Expenditures of Federal Awards
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| Federal Agency | Federal CFDA | Program Title or Pass Through Entity ID | Federal Expenditures |
|--|-------------------------|--|---------------------------------|
| Centers for Disease Control and Prevention | 93.070 | Environmental Public Health and Emergency Response | 137,052 |
| Food and Drug Administration | 93.103 | Food and Drug Administration_Research | 123,580 |
| Health Resources and Services Administration | 93.110 | Maternal and Child Health Federal Consolidated Programs | 814,528 |
| National Institutes of Health | 93.113 | Environmental Health | 9,257,023 |
| National Institutes of Health | 93.121 | Oral Diseases and Disorders Research | 470,161 |
| Health Resources and Services Administration | 93.124 | Nurse Anesthetist Traineeships | 19,392 |
| Centers for Disease Control and Prevention | 93.136 | Injury Prevention and Control Research and State and Community Based Programs | 41,826 |
| National Institutes of Health | 93.142 | NIEHS Hazardous Waste Worker Health and Safety Training | 1,638,376 |
| National Institutes of Health | 93.173 | Research Related to Deafness and Communication Disorders | 567,641 |
| Agency for Healthcare Research and Quality | 93.226 | Research on Healthcare Costs, Quality and Outcomes | 193,703 |
| National Institutes of Health | 93.242 | Mental Health Research Grants | 3,599,183 |
| Health Resources and Services Administration | 93.250 | Geriatric Academic Career Awards | 164,630 |
| Centers for Disease Control and Prevention | 93.262 | Occupational Safety and Health Program | 2,116,068 |
| National Institutes of Health | 93.273 | Alcohol Research Programs | 8,088 |
| National Institutes of Health | 93.279 | Drug Abuse and Addiction Research Programs | 5,131,094 |
| National Institutes of Health | 93.281 | Mental Health Research Career/Scientist Development Awards | 468,352 |
| National Institutes of Health | 93.282 | Mental Health National Research Service Awards for Research Training | 72,905 |
| National Institutes of Health | 93.286 | Discovery and Applied Research for Technological Innovations to Improve Human Health | 2,384,398 |
| National Institutes of Health | 93.307 | Minority Health and Health Disparities Research | 1,302 |
| National Institutes of Health | 93.350 | National Center for Advancing Translational Sciences | 4,669,185 |
| National Institutes of Health | 93.351 | Research Infrastructure Programs | 669,564 |
| Health Resources and Services Administration | 93.358 | Advanced Nursing Education Traineeships | -1 |
| Health Resources and Services Administration | 93.365 | Sickle Cell Treatment Demonstration Program | 351,803 |
| National Institutes of Health | 93.389 | National Center for Research Resources | -12,294 |
| National Institutes of Health | 93.393 | Cancer Cause and Prevention Research | 591,372 |
| National Institutes of Health | 93.394 | Cancer Detection and Diagnosis Research | 213,920 |
| National Institutes of Health | 93.395 | Cancer Treatment Research | 691,097 |
| National Institutes of Health | 93.396 | Cancer Biology Research | 2,060,661 |
| National Institutes of Health | 93.398 | Cancer Research Manpower | 577,508 |
| Administration for Children and Families | 93.632 | University Centers for Excellence in Developmental Disabilities Education, Research, and Service | 513,582 |
| National Institutes of Health | 93.701 | Trans-NIH Recovery Act Research Support | 7,192,497 |
| National Institutes of Health | 93.702 | National Center for Research Resources, Recovery Act Construction Support | 1,376,902 |
| National Institutes of Health | 93.837 | Cardiovascular Diseases Research | 9,733,208 |
| National Institutes of Health | 93.838 | Lung Diseases Research | 297,046 |
| National Institutes of Health | 93.839 | Blood Diseases and Resources Research | 569,126 |

University of Cincinnati
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| Federal Agency | Federal CFDA | Program Title or Pass Through Entity ID | Federal Expenditures |
|---|-------------------------|--|---------------------------------|
| National Institutes of Health | 93.846 | Arthritis, Musculoskeletal and Skin Diseases Research | 1,213,111 |
| National Institutes of Health | 93.847 | Diabetes, Digestive, and Kidney Diseases Extramural Research | 8,362,272 |
| National Institute of Diabetes and Digestive and Kidney Disease | 93.848 | Digestive Diseases and Nutrition Research | 1,067,632 |
| National Institute of Diabetes and Digestive and Kidney Disease | 93.849 | Kidney Diseases, Urology and Hematology Research | 359,512 |
| National Institutes of Health | 93.853 | Extramural Research Programs in the Neurosciences and Neurological Disorders | 14,509,761 |
| National Institutes of Health | 93.855 | Allergy, Immunology and Transplantation Research | 5,250,606 |
| National Institutes of Health | 93.856 | Microbiology and Infectious Diseases Research | -772 |
| National Institutes of Health | 93.859 | Biomedical Research and Research Training | 2,433,687 |
| National Institutes of Health | 93.865 | Child Health and Human Development Extramural Research | 640,557 |
| National Institutes of Health | 93.866 | Aging Research | 971,877 |
| National Institutes of Health | 93.867 | Vision Research | 2,272,177 |
| Health Resources and Services Administration | 93.884 | Grants for Training in Primary Care Medicine and Dentistry | 364,479 |
| Fogarty International Center | 93.934 | Fogarty International Research Collaboration Award | 349,429 |
| TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | 95,338,203 |
| Department of Housing and Urban Development | | | |
| Department of Housing and Urban Development | 14 | HUD OHLHH0199-09 | 151,091 |
| Office of Healthy Homes and Lead Hazard Control | 14.906 | Healthy Homes Technical Studies Grants | 166,892 |
| TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | 317,983 |
| Department of Justice | | | |
| Office of Juvenile Justice and Delinquency Prevention | 16.548 | Title V_Delinquency Prevention Program | 5,710 |
| National Institute of Justice | 16.560 | National Institute of Justice Research, Evaluation, and Development Project Grants | 269,786 |
| TOTAL DEPARTMENT OF JUSTICE | | | 275,496 |
| Department of the Interior | | | |
| U.S. Geological Survey | 15.807 | Earthquake Hazards Reduction Program | -555 |
| U.S. Geological Survey | 15.816 | Minerals Resources External Research Program | 24,819 |
| TOTAL DEPARTMENT OF THE INTERIOR | | | 24,264 |
| Department of Transportation | | | |
| Federal Aviation Administration (FAA) | 20.108 | Aviation Research Grants | 72,454 |
| TOTAL DEPARTMENT OF TRANSPORTATION | | | 72,454 |
| Department of Veterans Affairs | | | |
| Department of Veterans Affairs | 64 | VAMC VA250-13-P-0604 | 240,880 |
| Department of Veterans Affairs | 64 | VAMC VA250-13-Q-0317 | 2,341 |
| TOTAL DEPARTMENT OF VETERANS AFFAIRS | | | 243,221 |
| Environmental Protection Agency | | | |
| Environmental Protection Agency | 66 | EPA EP-11-H-000738 | 1,385 |
| Environmental Protection Agency | 66 | EPA EP-C-1-028 Req# PR-ORD-11-00263 | 64,101 |

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| Federal Agency | Federal CFDA | Program Title or Pass Through Entity ID | Federal Expenditures |
|---|-------------------------|---|---------------------------------|
| Office of Research and Development | 66.509 | Science To Achieve Results (STAR) Research Program | 229,475 |
| Office of Research and Development | 66.511 | Office of Research and Development Consolidated Research/Training/Fellowships | 431,336 |
| Office of Research and Development | 66.514 | Science To Achieve Results (STAR) Fellowship Program | 542 |
| Office of Research and Development | 66.516 | P3 Award: National Student Design Competition for Sustainability | 16,063 |
| TOTAL ENVIRONMENTAL PROTECTION AGENCY | | | 742,902 |
| Institute of Museum and Library Services | | | |
| Institute of Museum and Library Services | 45.312 | National Leadership Grants | 4,758 |
| TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES | | | 4,758 |
| National Aeronautics and Space Administration | | | |
| National Aeronautics and Space Administration | 43 | NASA NNX10AQ44G 01-04 | 81,242 |
| National Aeronautics and Space Administration | 43 | NASA NNX13AF46A | 6,938 |
| National Aeronautics and Space Administration | 43.001 | Science | 176,556 |
| National Aeronautics and Space Administration | 43.002 | Aeronautics | 70,307 |
| TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION | | | 335,043 |
| National Science Foundation | | | |
| National Science Foundation | 47.041 | Engineering Grants | 2,206,398 |
| National Science Foundation | 47.049 | Mathematical and Physical Sciences | 2,480,542 |
| National Science Foundation | 47.050 | Geosciences | 288,722 |
| National Science Foundation | 47.070 | Computer and Information Science and Engineering | 144,518 |
| National Science Foundation | 47.074 | Biological Sciences | 873,311 |
| National Science Foundation | 47.075 | Social, Behavioral, and Economic Sciences | 286,889 |
| National Science Foundation | 47.076 | Education and Human Resources | 2,613,305 |
| National Science Foundation | 47.078 | Polar Programs | 201,739 |
| National Science Foundation | 47.079 | International Science and Engineering (OISE) | -152 |
| National Science Foundation | 47.082 | Trans-NSF Recovery Act Research Support | 963,428 |
| TOTAL NATIONAL SCIENCE FOUNDATION | | | 10,058,700 |
| Office of Personnel Management | | | |
| Office of Personnel Management | 27.003 | Federal Student Temporary Employment Program | 77,487 |
| Office of Personnel Management | 27.011 | Intergovernmental Personnel Act (IPA) Mobility Program | 2,377,075 |
| TOTAL OFFICE OF PERSONNEL MANAGEMENT | | | 2,454,562 |
| TOTAL RESEARCH AND DEVELOPMENT - DIRECT FUNDS | | | 118,700,589 |
| RESEARCH AND DEVELOPMENT - PASS THROUGH FUNDS | | | |
| Agency for International Development | | | |
| Agency for International Development | 98.012 | ACE HED130-9743-ZAF-11-02/HED/USAID | 341,071 |
| TOTAL AGENCY FOR INTERNATIONAL DEVELOPMENT | | | 341,071 |
| Corporation for National and Community Service | | | |
| Corporation for National and Community Service | 94.019 | United Way 93 CNKYSIF YR1 | 10,939 |
| Corporation for National and Community Service | 94.019 | United Way 93 CNKYSIF YR2 | 132,595 |
| TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE | | | 143,534 |

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| Federal Agency | Federal CFDA | Program Title or Pass Through Entity ID | Federal Expenditures |
|--|-------------------------|---|---------------------------------|
| Department of Commerce | | | |
| National Oceanic and Atmospheric Administration (NOAA) | 11.417 | OSURF 60025701 | 4,093 |
| | | TOTAL DEPARTMENT OF COMMERCE | 4,093 |
| Department of Defense | | | |
| Department of Defense | 12 | ARKEMA INC P.007663 SUB AF | 442,757 |
| Department of Defense | 12 | AZIMUTH CORP 226-6273-NDL | 52,572 |
| Department of Defense | 12 | AZIMUTH CORP 226-6273-UC1 / AF FA8650-12-C-6273 | 149,130 |
| Department of Defense | 12 | CRM Subcontract No CIN_09-01 Sub Army | 3,063 |
| Department of Defense | 12 | Edaptive PO# 020112-UC-01 sub DOD | 18,415 |
| Department of Defense | 12 | Eng & Scientific Inv N00014-12-M-0267 | 24,553 |
| Department of Defense | 12 | Eng & Scientific Inv W56HZV-12-C-0215 | 20,120 |
| Department of Defense | 12 | Enogetek Inc / Army 007215 | 93,423 |
| Department of Defense | 12 | General Nano/Navy N00014-12-C-0537 | 42,686 |
| Department of Defense | 12 | General Nano/Navy N00014-12-M0052 | 15,371 |
| Department of Defense | 12 | General Nano/Navy N68335-13-C-0006 | 2,910 |
| Department of Defense | 12 | GE-PO# 200-1J-14H13325 | 11,550 |
| Department of Defense | 12 | GE-PO# 200-1J-14H13326 | 46,928 |
| Department of Defense | 12 | Giner sub Army W911NF-11-C-0232 | 16,081 |
| Department of Defense | 12 | HemCom Med Tech 2009-I-LYP-1 Sub Army | -124,925 |
| Department of Defense | 12 | HEMERUS SUB ARMY - LEUKOSEP | 166,958 |
| Department of Defense | 12 | High Perf Tech Sub# HPTi-PETTT-CIN DOD | 25,386 |
| Department of Defense | 12 | High Perf Tech Sub# HPTi-PETTT-CIN DOD TO#2 | 7,997 |
| Department of Defense | 12 | INHIBIKAS THERAPEUTICS INC 0000013121 | 44,068 |
| Department of Defense | 12 | INNOVATIVE SCIENTIFIC SOLUTIONS INC SB06810 | 48,636 |
| Department of Defense | 12 | INNOVATIVE SCIENTIFIC SOLUTIONS INC SB08610 | 49,499 |
| Department of Defense | 12 | ISSI #SB01010 / SUB AFF33615-03-D-2329 | -404 |
| Department of Defense | 12 | Jackson State Univ #634874 sub ONR | -790 |
| Department of Defense | 12 | JACOBS SUB AIR FORCE PO#AFRL-0000002588 & AFRL 0000002716 | 123,949 |
| Department of Defense | 12 | John Hopkins PO#109900 | 33,847 |
| Department of Defense | 12 | John Hopkins PO#109900 Mod 2 | 9,963 |
| Department of Defense | 12 | Knite Inc SubCon No. 21 / AF | 42,856 |
| Department of Defense | 12 | Neuren Pharmaceuticals EGG INTREPID | 148,594 |
| Department of Defense | 12 | Terumo BCT IMPROVE II CTS-0080 | 4,262 |
| Department of Defense | 12 | UES S-845-001-005 | 81,231 |
| Department of Defense | 12 | UES S-875-060-020 | 71,573 |
| Department of Defense | 12 | UES S-875-130-002 | 90,328 |
| Department of Defense | 12 | UES S-875-181-001 | 5,273 |
| Department of Defense | 12 | UES S-923-100-003 | 37,061 |
| Department of Defense | 12 | UES S-923-100-005 | 36,884 |
| Department of Defense | 12 | UES S-923-200-003 | 35,535 |
| Department of Defense | 12 | UES S-923-401-001 | 159,838 |
| Department of Defense | 12 | UES S-923-401-003 | 55,950 |
| Department of Defense | 12 | UES S-932-019-MR003 | 11,264 |

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|---|-------------------------|--|---------------------------------|
| Department of Defense | 12 | UES S-953-019-MR002 | 54,603 |
| Department of Defense | 12 | Universal Tech Corp 09-S568-0077-01-C1 | 61,119 |
| Department of Defense | 12 | Universal Tech Corp 11-S590-0020-34-C3 | 3,226 |
| Department of Defense | 12 | Universal Tech Corp 12-S590-0020-49-C6 | 14,707 |
| Department of Defense | 12 | UNIVERSITY OF NEVADA LAS VEGAS SUB#13-708B-B-00 | 49,188 |
| Department of Defense | 12 | URS EGG0040966 sub NAVY | -32 |
| Department of the Navy, Office of the Chief of Naval Research | 12.300 | American Burn Assn - Army W81XWH-09-2-0194 | 2,140 |
| Office of the Secretary of Defense | 12.351 | Johns Hopkins 982633 Sub DOD | 48,368 |
| U.S. Army Medical Command | 12.420 | CFBRE W81XWH-10-2-0104 | 8,068 |
| U.S. Army Medical Command | 12.420 | CFBRE 07969-03-296148 | 4,257 |
| U.S. Army Medical Command | 12.420 | Rutgers AFIRM PO#S1061135 | 326,445 |
| U.S. Army Medical Command | 12.420 | Soluble Systems, LLC P00001 | 102,007 |
| U.S. Army Medical Command | 12.420 | UCSD PO#10291745 | 665,984 |
| U.S. Army Medical Command | 12.420 | UCSD PO#10313357 | 191,884 |
| U.S. Army Medical Command | 12.420 | UCSD PO#10316818 | 57,723 |
| U.S. Army Medical Command | 12.420 | UCSD PO#10317743 | 16,724 |
| U.S. Army Medical Command | 12.420 | UCSD PO#10320447 | 150,116 |
| U.S. Army Materiel Command | 12.431 | Penn State 4408-UC-USA-0124 | 116,737 |
| U.S. Army Materiel Command | 12.431 | Rice U / Sub DARPA | 136,931 |
| U.S. Army Materiel Command | 12.431 | U Missouri C00031041-01 | 49,718 |
| Office of the Secretary of Defense | 12.630 | U Missouri C00037615-01 | 85,551 |
| Department of the Air Force, Materiel Command | 12.800 | HM Jackson Fnd 694141 | 70,671 |
| Department of the Air Force, Materiel Command | 12.800 | OREGON HSU 9006220_UCIN AF | 127,981 |
| Department of the Air Force, Materiel Command | 12.800 | TDA RESEARCH INC 1096.JN.UC.12.01 | 14,853 |
| Department of the Air Force, Materiel Command | 12.800 | Univ of Dayton Research Inst RS12025 | 49,342 |
| Advanced Research Projects Agency | 12.910 | UC Irvine 2010-2493 | 3,871 |
| TOTAL DEPARTMENT OF DEFENSE | | | 4,516,574 |
| Department of Education | | | |
| Department of Education | 84 | OBR01-2872 sub USED | 15,504 |
| Department of Education | 84 | OBR01-2873 sub USED | 17,896 |
| Department of Education | 84 | OBR01-2874 sub USED | 14,289 |
| Office of Special Education and Rehabilitative Services | 84.327 | U Kansas IFIG Subcontract sub USED | 3,345 |
| Office of Innovation and Improvement | 84.350 | Campbellsville Univ sub USED YRS 01-05 | 7,500 |
| Department of Education | 84.395 | ARRA OSURF 600035141 | 71,003 |
| Department of Education | 84.395 | ARRA OSURF 60037411 | 4,333 |
| TOTAL DEPARTMENT OF EDUCATION | | | 133,870 |
| Department of Energy | | | |
| Department of Energy | 81 | Argonne 1F-30622/DOE 06CH11357 | 147,413 |
| Department of Energy | 81 | Argonne 97-30461 / DOE | -383 |
| Department of Energy | 81 | ARRA GE 900328290 | 59,986 |
| Department of Energy | 81 | Battelle Contract No 00101721 | 237,425 |
| Department of Energy | 81 | Battelle Contract No 113480 Mod 12 | 16,119 |
| Department of Energy | 81 | Battelle Contract No 199065 Mod 4 | 20,180 |
| Department of Energy | 81 | Battelle-PNNL No. 149581 | 200 |
| Department of Energy | 81 | Battelle-PPNL No. 149552 | 47,517 |

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| Department of Energy | 81 | Brookhaven National Lab/DOE Daya Bay China | 6,214 |
| Department of Energy | 81 | Los Alamos Subcontract 191323-1 | 26,763 |
| Department of Energy | 81 | ORISE/DOE Fellow | 59,672 |
| Department of Energy | 81 | ORISE/DOE ORISE FELLOW | -1,394 |
| Department of Energy | 81 | Sandia 1313064 | 27,198 |
| Department of Energy | 81 | Siemens Sub#038/AHTFFG/DE-FC26-05NT42644 | 46,519 |
| Department of Energy | 81 | UT-Battelle 4000114532 | 29,317 |
| Department of Energy | 81 | UT-Battelle 4000114694 | 24,366 |
| Department of Energy | 81 | VA CFBRE Sub No 006 | 21,490 |
| Department of Energy | 81.049 | Battelle Contract No 00088635 | 131,105 |
| Department of Energy | 81.049 | Battelle Contract No 00102835 | 287,627 |
| Department of Energy | 81.049 | Bettergy SBIR Phase II / DOE | 30,087 |
| Department of Energy | 81.049 | CPWR 1080-28 | 33,626 |
| Department of Energy | 81.049 | CPWR 1080-35/ DE-FC01-06EH06004 | 19,828 |
| Department of Energy | 81.089 | B&W RCD 1481/DOE DE-FE0007716 | 1,922 |
| Department of Energy | 81.089 | U Missouri Sub 00026229-01 | 8,124 |
| Department of Energy | 81.114 | Medical Univ of South Carolina MUSC 12-13 Year 2 | 60,000 |
| Department of Energy | 81.114 | MUSC 09-095 DOE ID14692 | -32,877 |
| TOTAL DEPARTMENT OF ENERGY | | | 1,308,044 |
| Department of Health and Human Services | | | |
| Department of Health and Human Services | 93 | Ai Cure Tech HHSN271201200020C | 14,007 |
| Department of Health and Human Services | 93 | Brown Univ 00000300 | 230,095 |
| Department of Health and Human Services | 93 | CCHM 109864 | 2,131 |
| Department of Health and Human Services | 93 | CCHMC 106802 M3 | 30,071 |
| Department of Health and Human Services | 93 | Cin Health Network 2H76HA00111-22-00 | 457,998 |
| Department of Health and Human Services | 93 | Cincinnati Health Network 2H76HA00111 | 132,993 |
| Department of Health and Human Services | 93 | CWRU RES507653 | 5,188 |
| Department of Health and Human Services | 93 | CWRU RES5058835 | 45,096 |
| Department of Health and Human Services | 93 | CWRU RES507570 | 8,620 |
| Department of Health and Human Services | 93 | Dystonia Fndn Coalition Career Dev Awd | 34,458 |
| Department of Health and Human Services | 93 | Federation Employee Fiscal Advisers FEFA 005- 1005 | 206,893 |
| Department of Health and Human Services | 93 | Hamilton County Public Health PO 2013-0033 | 56,113 |
| Department of Health and Human Services | 93 | HCPHD / CDC VIA ODH HIV PREVENTION 007975 | 90,299 |
| Department of Health and Human Services | 93 | Healthy Housing Solutions Inc 200-2010-37369 | 40,347 |
| Department of Health and Human Services | 93 | ODJFS JFS01-03000011859 G-1213-06- 0149/#12-5081 | 101,849 |
| Department of Health and Human Services | 93 | U ILLINOIS AT CHICAGO 2010-06621 | 5,000 |
| Department of Health and Human Services | 93 | U Toledo NS 2008-029 | 11,257 |
| Food and Drug Administration | 93.103 | Cin Health Dept CHD3510479 | 17,519 |
| Substance Abuse and Mental Health Services Administration | 93.104 | CCMHRB Sub SAMHSA Fast Trac Year 4 | 112,276 |
| Substance Abuse and Mental Health Services Administration | 93.104 | CCMHRB Sub SAMHSA Fast Track Year 3 | 48,089 |
| Substance Abuse and Mental Health Services Administration | 93.104 | HCMHRB National Evaluation of JOURNEY Sub SAMHSA | 283,546 |

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| Health Resources and Services Administration | 93.107 | U Toledo F2012-110 | 35,298 |
| Health Resources and Services Administration | 93.107 | U Toledo F2013-12 | 30,387 |
| Health Resources and Services Administration | 93.110 | HFM 1-H30mc24047-01-00 | 11,000 |
| National Institutes of Health | 93.113 | CCHMC 107837 | 393,932 |
| National Institutes of Health | 93.113 | CCHMC 107837 M1 | -30,952 |
| National Institutes of Health | 93.113 | CCHMC 107837 M5 | 11,437 |
| National Institutes of Health | 93.113 | CCHMC 130899 M1 | 74,215 |
| National Institutes of Health | 93.113 | CCHMC 131098 | 5,444 |
| National Institutes of Health | 93.113 | CCHMC 131098 M1 | 85,618 |
| National Institutes of Health | 93.113 | Columbia U 5-75744 /ES01590-05 | 109,318 |
| National Institutes of Health | 93.113 | Illinois U Chicag SUB 2007-04409 | 95,409 |
| National Institutes of Health | 93.113 | Illinois U Chicago /U01 ES020886-01 | -1,361 |
| National Institutes of Health | 93.113 | NKU SUB # 4000831-S1 | 1,957 |
| National Institutes of Health | 93.113 | U ROCHESTER PO#415923-G | 3,602 |
| National Institutes of Health | 93.113 | UCSF 6375SC | 27,810 |
| National Institutes of Health | 93.113 | UIC 2012-0393-01-00 | 12,805 |
| National Institutes of Health | 93.113 | UIC/5U01ES020886-03 | 15,243 |
| National Institutes of Health | 93.113 | Univ Illinois Chicago # 2011-04282-01-00 | 2,646 |
| National Institutes of Health | 93.113 | UNIV ILLINOIS CHICAGO 2012-02586-01-000 | 70,038 |
| National Institutes of Health | 93.121 | SUNY R824315 | 4,556 |
| Health Resources and Services Administration | 93.134 | LIFELINE SUB HRSA R39OT18282-02-00 | 54,157 |
| Health Resources and Services Administration | 93.134 | LIFELINE SUB HRSA R39OT18282-03-00 | 144,810 |
| National Institutes of Health | 93.142 | ICWU SUB ES06162-20 HDPTP | -353 |
| National Institutes of Health | 93.142 | ICWU SUB ES06162-20 HWWT | 2,552 |
| National Institutes of Health | 93.142 | ICWU SUB ES06162-21 HDPTP | 3,512 |
| National Institutes of Health | 93.142 | ICWU SUB ES06162-21 HWWT | 42,379 |
| National Institutes of Health | 93.142 | ICWU SUB ES09758-20 | -1,115 |
| National Institutes of Health | 93.142 | ICWU/ES09758/DOE | 2,153 |
| Health Resources and Services Administration | 93.145 | U PITT 0019469 (119266-4) | -510 |
| Health Resources and Services Administration | 93.145 | U PITT Sub# H4AAH006002 | 266,223 |
| National Institutes of Health | 93.172 | CCHMC 130224 | 7,486 |
| National Institutes of Health | 93.173 | STAR Sub 2R44DC010104 | 71,611 |
| National Institutes of Health | 93.173 | STAR Sub 2R44DC010104-03-04 Phase 2 | 39,323 |
| National Institutes of Health | 93.173 | STAR Sub 5 R43 DC011475 | 9,582 |
| National Institutes of Health | 93.173 | TRINCH #719111 | 5,413 |
| National Institutes of Health | 93.173 | TRINCH 719111 | 8,500 |
| Centers for Disease Control and Prevention | 93.184 | HFM sub CDC11-12-HTC434 | 4,706 |
| Centers for Disease Control and Prevention | 93.184 | HFM sub CDC12-13-HTC434 | 7,187 |
| National Institutes of Health | 93.213 | Mass General SUOI AT000613 | 3,967 |
| Agency for Healthcare Research and Quality | 93.226 | CCHMC 107609 | -79 |
| Agency for Healthcare Research and Quality | 93.226 | CWRU RES507452 | 109 |
| National Institutes of Health | 93.242 | FIMR 500494-CIN-01 | 3,959 |
| Health Resources and Services Administration | 93.249 | OSURF 60027361 | 1,795 |
| Health Resources and Services Administration | 93.249 | OSURF 60036741 | 4,422 |
| Centers for Disease Control and Prevention | 93.262 | TEXAS A&M USHSC 23-S120001 | 39,490 |
| National Institutes of Health | 93.273 | Miriam Hospital 710-9908 | 6,319 |
| National Institutes of Health | 93.279 | Battelle Contract No 223995 | 1,032 |
| National Institutes of Health | 93.279 | U of Toledo N2013-9 | 21,176 |

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| National Institutes of Health | 93.279 | VACSP via NIDDA4006 CSP 1029 study | 539 |
| Centers for Disease Control and Prevention | 93.283 | AAMC MM-0971-07/07 | -6,500 |
| Centers for Disease Control and Prevention | 93.283 | ODH 3140014BC0512 | -25,343 |
| Centers for Disease Control and Prevention | 93.283 | ODH 3140014BC0613 | 140,230 |
| National Institutes of Health | 93.286 | U Mich EB004527-06 | 117,901 |
| National Institutes of Health | 93.350 | Boston U 4500001250/NCATS TR000157 | 3,354 |
| National Institutes of Health | 93.389 | Boston U 9500300567 | 19,999 |
| National Institutes of Health | 93.389 | Miami U G470217 | 11,279 |
| National Institutes of Health | 93.393 | BRIGHAM & WOMEN'S HOSPITAL 104375 | 3,707 |
| National Institutes of Health | 93.393 | CHMC 131306 | 7,850 |
| National Institutes of Health | 93.393 | CREAL RAD/08/10 | -106 |
| National Institutes of Health | 93.393 | LSU sub 68049 | 15,750 |
| National Institutes of Health | 93.395 | ACR RTOG SUB #2113 | 30,926 |
| National Institutes of Health | 93.395 | Bexion Pharm 2R44 sub CA136017-03 | 16,301 |
| National Institutes of Health | 93.395 | Brigham and Woman's Hospital /ACOSOG/7U10CA076001 | 4,569 |
| National Institutes of Health | 93.395 | GOG 27469-033 (2010-2016) | 134,973 |
| National Institutes of Health | 93.395 | NSABP SUB NCI TFED 187 | 23,950 |
| National Institutes of Health | 93.395 | SWOG/U Mich/NCI CA32102 | 37,367 |
| National Institutes of Health | 93.396 | CCHMC 105687 M3 | 8,004 |
| National Institutes of Health | 93.396 | UCSD PO#10320965 | 1,395 |
| National Institutes of Health | 93.396 | UCSD PO10320965-001 | 16,192 |
| National Institutes of Health | 93.396 | WRIGHT STATE UNIVERSITY P00255527 | 43,175 |
| National Institutes of Health | 93.399 | NSABP STAR SUB NCI/PFED24-CN01 | 2,928 |
| National Institutes of Health | 93.399 | NSABP SUB NCI TIND 187 | 4,832 |
| National Institutes of Health | 93.701 | ARRA Boston University 4296-5 Project 3 | -11,468 |
| National Institutes of Health | 93.701 | ARRA JWC1 MSLT-II | 141 |
| National Institutes of Health | 93.701 | ARRA Mass General 8 MGH 217200 | 259,762 |
| National Institutes of Health | 93.701 | ARRA OSURF 60021601 | 70,934 |
| National Institutes of Health | 93.701 | ARRA U Mich Sub 3001413194-PNT 2012 | 128,803 |
| National Institutes of Health | 93.701 | ARRA U Washington UW 667337Z 2012 | 9,893 |
| Agency for Healthcare Research and Quality | 93.715 | ARRA CFBRE 003 Sub ACR | 216 |
| Agency for Healthcare Research and Quality | 93.715 | ARRA Mass General 217197 | 198,155 |
| Centers for Disease Control and Prevention | 93.724 | ARRA HCPHD PO#540848 | 10,773 |
| Office of the Secretary | 93.727 | ARRA GCHB 90BC001601 | 197,832 |
| Centers for Medicare and Medicaid Services | 93.779 | OBR / ODJFS A-1213-07-0343 | 223,371 |
| Centers for Medicare and Medicaid Services | 93.779 | OBR Sub A-1011-07-0213 | -8,636 |
| Centers for Medicare and Medicaid Services | 93.791 | OSU/OCM/ODJFS/Sub 60033102 | 4,190 |
| Centers for Medicare and Medicaid Services | 93.791 | OSURF 60033102 | 4,548 |
| Centers for Medicare and Medicaid Services | 93.791 | OSURF 60037336 | 44,432 |
| National Institutes of Health | 93.837 | BRIGHAM & WOMEN'S HOSPITAL 104005 | 15,961 |
| National Institutes of Health | 93.837 | CCHMC 105059 | 78,898 |
| National Institutes of Health | 93.837 | CCHMC 107306 | 25,188 |
| National Institutes of Health | 93.837 | CCHMC 107954 | 77,000 |
| National Institutes of Health | 93.837 | CCHMC 107954 M1 | 247,300 |
| National Institutes of Health | 93.837 | CCHMC 108489 PO#3100197321 | 2,955 |
| National Institutes of Health | 93.837 | CCHMC 109317 | 6,626 |
| National Institutes of Health | 93.837 | CCHMC 109363 | 8,348 |

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| National Institutes of Health | 93.837 | CCHMC 131302 | 9,900 |
| National Institutes of Health | 93.837 | Duke University 162060 | 10,521 |
| National Institutes of Health | 93.837 | OSURF RF01081502 | 107,857 |
| National Institutes of Health | 93.837 | SSS CRB-UCLAA-S-10-00045 | 17,545 |
| National Institutes of Health | 93.837 | SSS CRB-UWAS1-S-11-00027 | 901 |
| National Institutes of Health | 93.837 | U Iowa 1001063656 | 16,888 |
| National Institutes of Health | 93.837 | U Iowa W000149485 2012 | -266 |
| National Institutes of Health | 93.837 | U Iowa W000149485 2013 | 15,803 |
| National Institutes of Health | 93.837 | U of Rochester 415539-G-002 | 4,350 |
| National Institutes of Health | 93.837 | University of Washington 743031 | 12,000 |
| National Institutes of Health | 93.837 | University of Washington 750406 | 20,187 |
| National Institutes of Health | 93.837 | UTHSC 0006871A | 105,876 |
| National Institutes of Health | 93.837 | UTHSC 0007526A 2013 | 180,368 |
| National Institutes of Health | 93.837 | UTHSC 0008027A | 795,267 |
| National Institutes of Health | 93.838 | CCHMC 107456 M2 | 1,523 |
| National Institutes of Health | 93.838 | CCHMC 108330 | 16,884 |
| National Institutes of Health | 93.838 | UCSF 4914SC | 84,302 |
| National Institutes of Health | 93.839 | CCHMC 109700 M5 | 306 |
| National Institutes of Health | 93.846 | CCHMC 105512 M3 | 29,611 |
| National Institutes of Health | 93.846 | CCHMC 105515 M3 | 29,611 |
| National Institutes of Health | 93.846 | CCHMC 105591 | 1,505 |
| National Institutes of Health | 93.846 | CCHMC 105591 M4 | 11,571 |
| National Institutes of Health | 93.846 | CCHMC 106355 M3 | 4,607 |
| National Institutes of Health | 93.846 | CCHMC 107387 M2 | 9,982 |
| National Institutes of Health | 93.846 | CCHMC 130426 | 115,799 |
| National Institutes of Health | 93.846 | U Minnesota N000188502 | 1,317 |
| National Institutes of Health | 93.847 | CCHMC 103852 2012 | -23 |
| National Institutes of Health | 93.847 | CCHMC 105886 | 416 |
| National Institutes of Health | 93.847 | CCHMC 105886 M1 | 7,187 |
| National Institutes of Health | 93.847 | CCHMC 109080 | 7,228 |
| National Institutes of Health | 93.847 | CCHMC 110385 | 16,620 |
| National Institutes of Health | 93.847 | CCHMC 131862 | 29,332 |
| National Institutes of Health | 93.847 | GWU S-GRD1213-KR6 | 170,564 |
| National Institutes of Health | 93.847 | Johns Hopkins 2001342367 | 127,564 |
| National Institutes of Health | 93.847 | MEDICAL COLLEGE OF GEORGIA 25034-10 | 42,413 |
| National Institutes of Health | 93.847 | P2D 10060847 | 1,783 |
| National Institutes of Health | 93.847 | Tufts Medical Center 5007467 | 110,810 |
| National Institutes of Health | 93.847 | U Utah 10019799-01 | -20,324 |
| National Institutes of Health | 93.847 | UC Davis 201013238-01 | -1,140 |
| National Institutes of Health | 93.847 | UC Davis 201013238-M2 | 219,283 |
| National Institute of Diabetes and Digestive and Kidney Disease | 93.848 | CCHMC 103952 2012 | -288 |
| National Institute of Diabetes and Digestive and Kidney Disease | 93.848 | P2D/SUB R43 DK081293-02 | 1,590 |
| National Institutes of Health | 93.853 | CCHMC 108771 M6 | -297 |
| National Institutes of Health | 93.853 | CCHMC 109091 M1 | 4,022 |
| National Institutes of Health | 93.853 | CCHMC 109717 M7 | 257,716 |
| National Institutes of Health | 93.853 | City of Hope 22999.914934.6694 | 7,581 |
| National Institutes of Health | 93.853 | Columbia U 5-75959 2012 | 11,134 |
| National Institutes of Health | 93.853 | Cornell Univ 089 sub NS50324 | 377 |

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| National Institutes of Health | 93.853 | Emory University S383887 | 23,044 |
| National Institutes of Health | 93.853 | Johns Hopkins 2000794678 | 51,427 |
| National Institutes of Health | 93.853 | Johns Hopkins 2000796412 | 26,049 |
| National Institutes of Health | 93.853 | Johns Hopkins 2001055121 | 22,398 |
| National Institutes of Health | 93.853 | Mass General 2CARE NS052592 1-5 | -602 |
| National Institutes of Health | 93.853 | Mass General 8 NS052592B 2CARE | 6,880 |
| National Institutes of Health | 93.853 | Med College Wisconsin Sub #1 NS035929 | 15,064 |
| National Institutes of Health | 93.853 | Medical Univ of South Carolina MUSC 08-160 | 25,045 |
| National Institutes of Health | 93.853 | MSU 61-0095UC Project 4 | 5,983 |
| National Institutes of Health | 93.853 | U Akron R8423-UC | 24,753 |
| National Institutes of Health | 93.853 | U Maryland Sub 069208 | 102,005 |
| National Institutes of Health | 93.853 | U Mich 3000691483-RPT | 35 |
| National Institutes of Health | 93.853 | U Mich 3000691483-RPT07 | 12,652 |
| National Institutes of Health | 93.853 | U Mich 3001300231-PIII | 325,252 |
| National Institutes of Health | 93.853 | U Mich 3002112001 | 35,915 |
| National Institutes of Health | 93.853 | U Mich 5000002770 | 146,017 |
| National Institutes of Health | 93.853 | U Mich 5000002951 | 97,222 |
| National Institutes of Health | 93.853 | U North Carolina COSS sub NS042167 | 8,955 |
| National Institutes of Health | 93.853 | U Washington 688607 | 8,744 |
| National Institutes of Health | 93.853 | U Washington 734275 | 60,914 |
| National Institutes of Health | 93.853 | UAB 003 sub NS041588 | 57,903 |
| National Institutes of Health | 93.853 | UAB 00426787-005 | 94,969 |
| National Institutes of Health | 93.853 | UAB sub NS048281 | 27,996 |
| National Institutes of Health | 93.853 | UMDNJ 5 R01 NS038384-01-12 | 6,665 |
| National Institutes of Health | 93.853 | UTSMC 120106 PO#RGC0000000149 | 61,499 |
| National Institutes of Health | 93.853 | Washington U WU0915 PO 2904625N | 59 |
| National Institutes of Health | 93.853 | Yale U A08082 M01A10557 | 26,053 |
| National Institutes of Health | 93.853 | Yale University A09014 | 96,287 |
| National Institutes of Health | 93.855 | Brigham and Woman's Hospital 108085 | 11,968 |
| National Institutes of Health | 93.855 | Brigham and Woman's Hospital 108269 | 19,826 |
| National Institutes of Health | 93.855 | Brigham and Woman's Hospital 2012-2013 ACTG 5178 | 184,486 |
| National Institutes of Health | 93.855 | CCHMC 110491 M2 | 142,022 |
| National Institutes of Health | 93.855 | Denver Health and Hospital Auth E3400A | 29,753 |
| National Institutes of Health | 93.855 | Duquesne G1200050 | 33,948 |
| National Institutes of Health | 93.855 | Mayo Foundation 63062224 | 4,711 |
| National Institutes of Health | 93.855 | Mayo sub R01 AI091594-02 | 70,738 |
| National Institutes of Health | 93.855 | SSS BRS-ACURE-S-12-000604-002301 | 188 |
| National Institutes of Health | 93.855 | St. Jude 111277060-7489196 | 31,633 |
| National Institutes of Health | 93.855 | U Chicago 39778-5-30818 | 111,579 |
| National Institutes of Health | 93.855 | U Colorado 2591171 | 11,327 |
| National Institutes of Health | 93.855 | UPITT 0023660 (119158-1) | 110,953 |
| National Institutes of Health | 93.859 | UAB 00398606-001 | 99,103 |
| National Institutes of Health | 93.865 | Baylor College of Medicine 101565366 | 87,656 |
| National Institutes of Health | 93.865 | CCHMC 106338 | 9,944 |
| National Institutes of Health | 93.865 | CCHMC 109046 M1 | 11,850 |
| National Institutes of Health | 93.865 | CWRU RES506737 | 41,065 |
| National Institutes of Health | 93.865 | PURDUE 4102-24430 | -167 |

University of Cincinnati
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Schedule of Expenditures of Federal Awards
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| Federal Agency | Federal CFDA | Program Title or Pass Through Entity ID | Federal Expenditures |
|---|-------------------------|--|---------------------------------|
| National Institutes of Health | 93.865 | U Alabama 000501070 001 | 13,894 |
| National Institutes of Health | 93.865 | UCSF 7193SC | 13,197 |
| National Institutes of Health | 93.866 | CCHMC 130522 | 25,929 |
| National Institutes of Health | 93.866 | Great Lakes sub AG033947-03A1 | 3,313 |
| National Institutes of Health | 93.866 | U of Nebraska 36-5360-2141-001 | 40,446 |
| National Institutes of Health | 93.867 | Washington U WU-12-197 | 44,482 |
| National Institutes of Health | 93.879 | ORISE/NLM/DOE Associate Fellowship Program | 2,299 |
| National Institutes of Health | 93.879 | OSURF 60032386 | 24,946 |
| National Institutes of Health | 93.879 | OSURF 60036993 | 12,323 |
| Health Resources and Services Administration | 93.918 | Cin Health Network 5H75HA00111 12-13 | 51,721 |
| Health Resources and Services Administration | 93.918 | Cin Health Network 5H75HA00111 13-14 | 16,549 |
| Centers for Disease Control and Prevention | 93.940 | ODH 3140012HO0113 | 49,650 |
| Centers for Disease Control and Prevention | 93.943 | ODH 03140012HT0112 | 52,132 |
| Centers for Disease Control and Prevention | 93.943 | ODH 03140012HT0213 | 30,125 |
| Health Resources and Services Administration | 93.969 | UKRF 3048109594-13-016 | 109,505 |
| Centers for Disease Control and Prevention | 93.991 | ODH 03140014CC0312 | 73,561 |
| Centers for Disease Control and Prevention | 93.991 | ODH 03140014CC0413 | 34,883 |
| Department of Health and Human Services | 93.ARRA | ARRA CWRU RES505693 | 2,876 |
| Department of Health and Human Services | 93.ARRA | ARRA SSS CRB-DCR01-S-09-00319 TASK 2 | 36,977 |
| Department of Health and Human Services | 93.ARRA | ARRA SSS CRB-DCR01S-09-00319 Task 3 | 12,493 |
| TOTAL | | DEPARTMENT OF HEALTH AND HUMAN SERVICES | 11,481,377 |
| Department of Homeland Security | | | |
| Department of Homeland Security | 97 | UKRF 3048108070-11-354 | 181,738 |
| Department of Homeland Security | 97.130 | Medical Univ of South Carolina MUSC12-105 | 53,130 |
| Department of Homeland Security | 97.130 | Medical Univ of South Carolina MUSC 13-001 | 52,668 |
| TOTAL | | DEPARTMENT OF HOMELAND SECURITY | 287,536 |
| Department of Housing and Urban Development | | | |
| Office of Healthy Homes and Lead Hazard Control | 14.906 | Silent Spring Institute 7504 -Ucinn | 8,148 |
| TOTAL | | DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | 8,148 |
| Department of Justice | | | |
| Department of Justice | 16 | ETS CW1898520 Sub IARPA Project Sirius | 117,940 |
| Department of Justice | 16 | Sandusky County Re-entry Evaluation 008445 | 22,363 |
| Office of Juvenile Justice and Delinquency Prevention | 16.540 | ODYS 2009-JJ-SI1-0063 | 52,236 |
| Office of Juvenile Justice and Delinquency Prevention | 16.540 | ODYS 2011-JJ-DMC-0550 | 162,515 |
| Office of Juvenile Justice and Delinquency Prevention | 16.540 | ODYS 2011-JJ-SI1-0063 | 46,243 |
| National Institute of Justice | 16.560 | Yale U P00294 M10P10741 | 8,978 |
| TOTAL | | DEPARTMENT OF JUSTICE | 410,275 |
| Department of Labor | | | |
| Office of Workers' Compensation Programs | 17.310 | CPWR 2913-10 Yr. 5 | 12,524 |
| TOTAL | | DEPARTMENT OF LABOR | 12,524 |
| Department of the Interior | | | |
| U.S. Geological Survey | 15.805 | OSRF 60069767 | 142 |
| U.S. Geological Survey | 15.805 | OSURF GRT00008849 | 25,932 |
| U.S. Geological Survey | 15.808 | USC Subaward 33542621 | 18,945 |
| TOTAL | | DEPARTMENT OF THE INTERIOR | 45,019 |

University of Cincinnati
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Schedule of Expenditures of Federal Awards
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| Federal Agency | Federal CFDA | Program Title or Pass Through Entity ID | Federal Expenditures |
|--|-------------------------|--|---------------------------------|
| Department of Transportation | | | |
| Department of Transportation | 20 | NAS SUB DOT NCHRP 12-91 | 26,747 |
| Department of Transportation | 20 | URS CORP-14174-PID 81595 Sub ODOT | -92 |
| Department of Transportation | 20 | URS CORP-OHIO Sub ODOT 14174 Phase II | 114,076 |
| Research and Innovative Technology Administration | 20.701 | OSURF 60031037 | 6,350 |
| Research and Innovative Technology Administration | 20.701 | OSURF 60037348/DTRT07-G-0005 | 2,452 |
| | TOTAL | DEPARTMENT OF TRANSPORTATION | 149,533 |
| Environmental Protection Agency | | | |
| Environmental Protection Agency | 66 | Pegasus WA 2- 45 | 30,275 |
| Environmental Protection Agency | 66 | Pegasus WA 1-01 | 6,251 |
| Environmental Protection Agency | 66 | Pegasus WA 1-13 | 66,242 |
| Environmental Protection Agency | 66 | Pegasus WA 1-19 | 19,638 |
| Environmental Protection Agency | 66 | Pegasus WA 1-23 | 15,322 |
| Environmental Protection Agency | 66 | Pegasus WA 1-24 | 12,348 |
| Environmental Protection Agency | 66 | Pegasus WA 1-33 | 51,652 |
| Environmental Protection Agency | 66 | Pegasus WA 1-36 | 16,669 |
| Environmental Protection Agency | 66 | Pegasus WA 1-39 | 93 |
| Environmental Protection Agency | 66 | Pegasus WA 1-41 | 8,951 |
| Environmental Protection Agency | 66 | Pegasus WA 1-45 | 28,608 |
| Environmental Protection Agency | 66 | Pegasus WA 1-45 Task 1 | 39,305 |
| Environmental Protection Agency | 66 | Pegasus WA 1-53 | 28,198 |
| Environmental Protection Agency | 66 | Pegasus WA 1-64 | 25,247 |
| Environmental Protection Agency | 66 | Pegasus WA 1-66 | 14,415 |
| Environmental Protection Agency | 66 | Pegasus WA 2- 19 | 37,577 |
| Environmental Protection Agency | 66 | Pegasus WA 2- 41 | 2,292 |
| Environmental Protection Agency | 66 | Pegasus WA 2-13 EP-C-11-006 | 50,653 |
| Environmental Protection Agency | 66 | Pegasus WA 2-16 | 2,699 |
| Environmental Protection Agency | 66 | Pegasus WA 2-23 | 28,659 |
| Environmental Protection Agency | 66 | Pegasus WA 2-33 EP - C - 11-006 | 67,186 |
| Environmental Protection Agency | 66 | Pegasus WA 2-35 | 16,807 |
| Environmental Protection Agency | 66 | Pegasus WA 2-45 | 60,798 |
| Environmental Protection Agency | 66 | Pegasus WA 2-53 | 2,325 |
| Environmental Protection Agency | 66 | Pegasus WA 2-64 | 47,207 |
| Environmental Protection Agency | 66 | Pegasus WA 2-71 | 26,612 |
| Environmental Protection Agency | 66 | Pegasus WA 2-77 | 5,156 |
| Environmental Protection Agency | 66 | SRC, Inc. SCFA53501 | 46,345 |
| | TOTAL | ENVIRONMENTAL PROTECTION AGENCY | 757,530 |
| National Aeronautics and Space Administration | | | |
| National Aeronautics and Space Administration | 43 | Aurora Flight Sciences AFS11-0558 Sub NASA | 7,831 |
| National Aeronautics and Space Administration | 43 | CFD RESEARCH CORP 1467 Sub NASA | 6,829 |
| National Aeronautics and Space Administration | 43 | Cornerstone Research 201100322 Sub NASA | 76,036 |
| National Aeronautics and Space Administration | 43 | Jet Propulsion Laboratory No. 1473268 | 17,978 |
| National Aeronautics and Space Administration | 43 | Jet Propulsion Laboratory No. 1473759 | 4,726 |
| National Aeronautics and Space Administration | 43.001 | OAI 007527 OSGC/NASA | 8,186 |
| | TOTAL | NATIONAL AERONAUTICS AND SPACE ADMINISTRATION | 121,586 |
| National Endowment for the Humanities | | | |
| National Endowment for the Humanities | 45.160 | American Coucil of Learned Societies ARHC | 58,732 |

University of Cincinnati
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Schedule of Expenditures of Federal Awards
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| Federal Agency | Federal CFDA | Program Title or Pass Through Entity ID | Federal Expenditures |
|--|-------------------------|---|---------------------------------|
| TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES | | | 58,732 |
| National Science Foundation | | | |
| National Science Foundation | 47.041 | Bettergy 1247577 | 19,992 |
| National Science Foundation | 47.041 | GVD 1143160 sub NSF | 758 |
| National Science Foundation | 47.041 | NCA&T 260116B NSF YEARS 1-5 | 690,575 |
| National Science Foundation | 47.041 | NCA&T 260116C NSF Supplement | 31,074 |
| National Science Foundation | 47.041 | Oklahoma St AA544202-S1 | 9,268 |
| National Science Foundation | 47.049 | BETTERGY 1142695 Sub NSF | 6,553 |
| National Science Foundation | 47.049 | Notre Dame 0715396 SUB NSF | 14,240 |
| National Science Foundation | 47.049 | Notre Dame 1219444 | 1,585 |
| National Science Foundation | 47.050 | U of New Mexico 133549-87S1 | 15,561 |
| National Science Foundation | 47.074 | U Illinois 2012-00109-01 / A0691 | 2,190 |
| National Science Foundation | 47.076 | CPS DRL-0929557 Sub NSF | 33,757 |
| National Science Foundation | 47.076 | U of Tennessee at Chattanooga 8500029533 | 1,648 |
| National Science Foundation | 47.076 | WSU DUE-0817332 | 273 |
| TOTAL NATIONAL SCIENCE FOUNDATION | | | 827,474 |
| TOTAL RESEARCH AND DEVELOPMENT - PASS THROUGH FUNDS | | | 20,606,920 |
| TOTAL RESEARCH AND DEVELOPMENT CLUSTER | | | 139,307,509 |
| OTHER - DIRECT FUNDS | | | |
| Appalachian Regional Commission | | | |
| Appalachian Regional Commission | 23.002 | Appalachian Area Development | 249,974 |
| TOTAL APPALACHIAN REGIONAL COMMISSION | | | 249,974 |
| Department of Education | | | |
| TRIO Cluster | | | |
| Office of Postsecondary Education | 84.042 | TRIO_Student Support Services | 249,167 |
| Office of Postsecondary Education | 84.044 | TRIO_Talent Search | 281,228 |
| Office of Postsecondary Education | 84.047 | TRIO_Upward Bound | 774,133 |
| Office of Postsecondary Education | 84.066 | TRIO_Educational Opportunity Centers | 252,986 |
| Office of Postsecondary Education | 84.217 | TRIO_McNair Post-Baccalaureate Achievement | 260,429 |
| TOTAL TRIO CLUSTER | | | 1,817,943 |
| Other Department of Education | | | |
| Office of Postsecondary Education | 84.116 | Fund for the Improvement of Postsecondary Education | 40,475 |
| Institute of Education Sciences | 84.305 | Education Research, Development and Dissemination | 294,810 |
| Office of Special Education and Rehabilitative Services | 84.327 | Special Education_Technology and Media Services for Individuals with Disabilities | 65,365 |
| Office of Postsecondary Education | 84.334 | Gaining Early Awareness and Readiness for Undergraduate Programs | 3,373,764 |
| TOTAL OTHER DEPARTMENT OF EDUCATION | | | 3,774,414 |
| TOTAL DEPARTMENT OF EDUCATION | | | 5,592,357 |
| Department of Homeland Security | | | |
| Department of Homeland Security | 97.103 | Degrees at a Distance Program | 10,454 |
| TOTAL DEPARTMENT OF HOMELAND SECURITY | | | 10,454 |

University of Cincinnati
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Schedule of Expenditures of Federal Awards
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| Federal Agency | Federal CFDA | Program Title or Pass Through Entity ID | Federal Expenditures |
|---|-------------------------|---|---------------------------------|
| Department of Justice | | | |
| Office of Juvenile Justice and Delinquency Prevention | 16.523 | Juvenile Accountability Block Grants | 36,922 |
| Bureau of Prisons | 16.601 | Corrections_Training and Staff Development | 9,709 |
| | | TOTAL DEPARTMENT OF JUSTICE | 46,631 |
| Department of Labor | | | |
| Department of Labor | 17 | OSHA GNIP 2012 | 7,917 |
| | | TOTAL DEPARTMENT OF LABOR | 7,917 |
| Environmental Protection Agency | | | |
| Office of Research and Development | 66.514 | Science To Achieve Results (STAR) Fellowship Program | 1,531 |
| | TOTAL | ENVIRONMENTAL PROTECTION AGENCY | 1,531 |
| National Endowment for the Humanities | | | |
| National Endowment for the Humanities | 45.149 | Promotion of the Humanities_Division of Preservation and Access | 96,728 |
| | TOTAL | NATIONAL ENDOWMENT FOR THE HUMANITIES | 96,728 |
| | | TOTAL OTHER - DIRECT FUNDS | 6,005,592 |
| OTHER - PASS THROUGH FUNDS | | | |
| Department of Agriculture | | | |
| Department of Agriculture | 10 | Miss St. U 018000-340452-02 | 16,370 |
| Department of Agriculture | 10 | Miss. St. 018000-340452-18 | 29,337 |
| Food and Nutrition Service | 10.558 | ODE CACFP SUB USDA 11-12 Program 2 | 9,733 |
| Food and Nutrition Service | 10.558 | ODE Sub USDA CACFP FY 2013 | 36,485 |
| | | TOTAL DEPARTMENT OF AGRICULTURE | 91,925 |
| Department of Defense | | | |
| U.S. Army Materiel Command | 12.431 | ACADEMY OF APPLIED SCIENCE 12-50 | 2,596 |
| | | TOTAL DEPARTMENT OF DEFENSE | 2,596 |
| Department of Education | | | |
| Office of Postsecondary Education | 84.116 | U Louisville #10-1109-01 US | 16,709 |
| Office of Educational Research and Improvement | 84.287 | CPS Academy of World Languages 007841 | 21,024 |
| Office of Educational Research and Improvement | 84.287 | CPS Academy of World Languages After School Year 2 | 92,495 |
| Office of Educational Research and Improvement | 84.287 | CPS Mt. Washington Castle Connections Year 2 | 23,041 |
| Office of Educational Research and Improvement | 84.287 | CPS Mt. Washington Castle Connections Year 3 | 167,403 |
| Office of Educational Research and Improvement | 84.287 | CPS-Westwood sub USED | 16,942 |
| Office of Educational Research and Improvement | 84.287 | Northwest Local Schools SES | -443 |
| Office of Educational Research and Improvement | 84.287 | Winton Woods City Schools SES | 109 |
| Office of Elementary and Secondary Education | 84.357 | CPS SES 2011-12 | 148,048 |
| Office of Elementary and Secondary Education | 84.366 | ODE OMSP EDU01-0000007909 | 18,336 |
| Office of Elementary and Secondary Education | 84.367 | OBR 12-09(5-12) sub USED ITQP | 42,848 |
| Office of Elementary and Secondary Education | 84.367 | OBR 12-10 (K-5) sub USED, ITQP | 7,214 |
| Office of Elementary and Secondary Education | 84.367 | OBR11-10 (5-12) sub USED ITQP | 94,780 |
| Office of Elementary and Secondary Education | 84.367 | OBR11-11 (K-5) sub USED ITQP | 62,880 |
| Department of Education | 84.395 | ARRA Battelle RTTT 334858 | 71,156 |
| Department of Education | 84.395 | ARRA ODE 000000008119 | 45,315 |

University of Cincinnati
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| Federal Agency | Federal CFDA | Program Title or Pass Through Entity ID | Federal Expenditures |
|---|-------------------------|---|---------------------------------|
| Department of Education | 84.395 | ARRA ODE-EDU01-0000010635 | 70,761 |
| Department of Education | 84.395 | ODE 000000008119 | -38,642 |
| Department of Education | 84.413A | ARRA Battelle 316366 | 47,524 |
| | | TOTAL DEPARTMENT OF EDUCATION | 907,500 |
| Department of Health and Human Services | | | |
| Medicaid Cluster | | | |
| Centers for Medicare and Medicaid Services | 93.778 | OSURF 60034413 | 7,340 |
| Centers for Medicare and Medicaid Services | 93.778 | OSURF 60040446 | 3,474 |
| | | TOTAL MEDICAID CLUSTER | 10,814 |
| CCFC (Child Care and Development) Cluster | | | |
| Administration for Children and Families | 93.575 | HAM CO JOB & FAM SVC 119222 | -8,174 |
| Administration for Children and Families | 93.575 | ODJFS/DHHS DAY CARE CONTR HAM CO JOB & FAM SVC 008152 | 38,956 |
| Administration for Children and Families | 93.575 | OHIO CHILD CARE RES & REF ASSN Yr 3 | -150 |
| Administration for Children and Families | 93.575 | OHIOCHILD CARE RES & REF ASSN - Step Up To Quality Yr 4 | 9,548 |
| | | TOTAL CCFC (CHILD CARE AND DEVELOPMENT) CLUSTER | 40,180 |
| | | TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES | 50,994 |
| Department of Justice | | | |
| Justice Assistance Grant Program Cluster (JAG) | | | |
| Bureau of Justice Assistance | 16.738 | Cincinnati PD 25X0028 | 1,453 |
| Bureau of Justice Assistance | 16.738 | Conn Dept of Corrections 11DOC0125AA | 24,157 |
| Bureau of Justice Assistance | 16.738 | Council on Chemical Abuse ORAS Training PO # 11200 | 8,351 |
| Bureau of Justice Assistance | 16.738 | CPD Contract 15X0038 | 53,260 |
| Bureau of Justice Assistance | 16.738 | Indiana Judicial Center Sub DOJ Training 008472 | 9,516 |
| Bureau of Justice Assistance | 16.738 | OCJS 2009-JG-EOR-6239 | 23,993 |
| Bureau of Justice Assistance | 16.738 | OCJS 2009-JG-EOR-6699 | -16,021 |
| Bureau of Justice Assistance | 16.738 | OCJS 2010-JG-A0V-V6950 | 32,077 |
| Bureau of Justice Assistance | 16.738 | OCJS 2010-JG-A0V-V6951 | 29,568 |
| Bureau of Justice Assistance | 16.738 | OCJS 2010-JG-B01-6831 | 39,228 |
| Bureau of Justice Assistance | 16.738 | OCJS 2010-JG-EOR-6846 | 78 |
| Bureau of Justice Assistance | 16.738 | Research Foundation of CUNY 74959-A | 30,000 |
| Bureau of Justice Assistance | 16.738 | Solano County 03401-12 | 1,078 |
| Bureau of Justice Assistance | 16.738 | The Judiciary of the State of Hawaii Sub DOJ EPICS Training | 19,942 |
| Bureau of Justice Assistance | 16.738 | VA Beach PO JPMS-13-0001 | 48,022 |
| Bureau of Justice Assistance | 16.738 | Virginia Beach Court Services Unit EPICS | -1 |
| Department of Justice | 16.803 | ARRA OCJS 2009-RA-R01-2369 Sub DOJ | 146,416 |
| | | TOTAL JUSTICE ASSISTANCE GRANT PROGRAM CLUSTER (JAG) | 451,117 |
| Department of Justice | 16 | Conn Department of Corrections 13DOC0112AA | 2,225 |
| Department of Justice | 16 | KY PON2 527 1300001383 1 | 2,789 |
| Department of Justice | 16 | KY PON2 527 1300001390 1 | 12,406 |
| Department of Justice | 16 | VA Beach JPMS-13-0002 | 7,150 |
| Office of Juvenile Justice and Delinquency Prevention | 16.523 | Arizona Supreme Court 2011-172 | -4,783 |
| Office of Juvenile Justice and Delinquency Prevention | 16.523 | Arizona Supreme Court 2011-74 | -6,518 |

University of Cincinnati
A Component Unit of the State of Ohio
Schedule of Expenditures of Federal Awards
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| Federal Agency | Federal CFDA | Program Title or Pass Through Entity ID | Federal Expenditures |
|--|-------------------------|---|---------------------------------|
| Office of Juvenile Justice and Delinquency Prevention | 16.523 | Arizona Supreme Court 2011-74 / 2011-172 | -10 |
| Office of Juvenile Justice and Delinquency Prevention | 16.523 | City of Richmond, VA PD 20120203581 | -6,185 |
| Office of Juvenile Justice and Delinquency Prevention | 16.523 | City of Richmond, VA PD 20130207129 | 17,421 |
| Office of Juvenile Justice and Delinquency Prevention | 16.523 | HCJC Sub DOJ Services to Youth on Probation 12-13 | 31,408 |
| Office of Juvenile Justice and Delinquency Prevention | 16.523 | Humboldt County, CA CPC-CSA EPICS | 51,471 |
| Office of Juvenile Justice and Delinquency Prevention | 16.523 | Marion County Court GRANT 09JB17 | 25,000 |
| Office of Juvenile Justice and Delinquency Prevention | 16.523 | Virginia Dept of Juvenile Justice MOA 13-004 | 6,847 |
| Office of Juvenile Justice and Delinquency Prevention | 16.523 | Yolo City, CA Probation Dept Sub DOJ CPC Training | -3 |
| Bureau of Justice Assistance | 16.593 | Nevada DOC ORAS Training | 13,438 |
| Bureau of Justice Assistance | 16.745 | Sidney Municipal Court: Eval. of Mental Health Court | 648 |
| Bureau of Justice Assistance | 16.751 | New Hampshire Dept. of Corrections Sub Bureau of Justice 008280 | 51,677 |
| Bureau of Justice Assistance | 16.751 | ODRC 403-12-0842 | 37,773 |
| Bureau of Justice Assistance | 16.812 | OIC of Clark County EVAL. OF OIC SERVICES 008447 | 25,066 |
| TOTAL DEPARTMENT OF JUSTICE | | | 718,937 |
| Department of Transportation | | | |
| Highway Safety Cluster | | | |
| National Highway Traffic Safety Administration (NHTSA) | 20.600 | ODPS SC-2012-8-00-00-00366-00 BROWN CTY | 16,557 |
| National Highway Traffic Safety Administration (NHTSA) | 20.600 | ODPS SC-2013-8-00-00-00332-00 BROWN CTY | 7,132 |
| TOTAL HIGHWAY SAFETY CLUSTER | | | 23,689 |
| Highway Planning and Construction Cluster | | | |
| Federal Highway Administration (FHWA) | 20.205 | ODOT #11569 | 76,714 |
| Federal Highway Administration (FHWA) | 20.205 | ODOT #24752 | 38,024 |
| Federal Highway Administration (FHWA) | 20.205 | ODOT #24837 sub USDOT Traffic Data for Integrated Proj-Level | 138,003 |
| Federal Highway Administration (FHWA) | 20.205 | ODOT 25177 | 74,117 |
| Federal Highway Administration (FHWA) | 20.205 | OH UNIV UT17790 ODOT 25160 | 65,112 |
| Federal Highway Administration (FHWA) | 20.205 | U Toledo 121554 ODOT # 23317B Ice Prev or Removal on the Vet | 113,445 |
| TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER | | | 505,415 |
| TOTAL DEPARTMENT OF TRANSPORTATION | | | 529,104 |
| Institute of Museum and Library Services | | | |
| Institute of Museum and Library Services | 45.310 | Ohio State Library / Institute of Museum and Library Service VI-7-12 | 49,852 |
| TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES | | | 49,852 |
| National Aeronautics and Space Administration | | | |
| National Aeronautics and Space Administration | 43.001 | OAI 005290 OSGC/NASA | 63,343 |
| National Aeronautics and Space Administration | 43.001 | OAI OSGC/NASA Seed Grant-Cohen Flight Camp @ UC | 8,621 |
| National Aeronautics and Space Administration | 43.001 | OAI/OSGC NASA Sub UC BEARSat Nano | 4,093 |
| National Aeronautics and Space Administration | 43.001 | OSGC/Nasa Spacecraft Design Rkt & Nanosat Project | 3,247 |
| TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION | | | 79,304 |

University of Cincinnati
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Schedule of Expenditures of Federal Awards
for the period ending June 30, 2013

| Federal Agency | Federal CFDA | Program Title or Pass Through Entity ID | Federal Expenditures |
|--|---|--|-------------------------|
| National Endowment for the Humanities | | | |
| National Endowment for the Humanities | 45.129 | OHC R12-100 Sub NEH | 2,500 |
| National Endowment for the Humanities | 45.164 | OSURF 60025107 | 64,732 |
| TOTAL | NATIONAL ENDOWMENT FOR THE HUMANITIES | | 67,232 |
| U.S. Department of State | | | |
| Bureau of Near Eastern Affairs | 19.021 | Academy Ed Devmt 4273-UCN-02 FHI360 | 432,799 |
| | TOTAL U.S. DEPARTMENT OF STATE | | 432,799 |
| | TOTAL OTHER - PASS THROUGH FUNDS | | 2,930,243 |
| | TOTAL OTHER CLUSTER | | 8,935,835 |
| HEAD START CLUSTER | | | |
| HEAD START CLUSTER - DIRECT FUNDS | | | |
| Department of Health and Human Services | | | |
| Head Start Cluster | | | |
| Administration for Children and Families | 93.600 | Head Start | 97,509 |
| | TOTAL HEAD START CLUSTER | | 97,509 |
| | TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES | | 97,509 |
| | TOTAL HEAD START CLUSTER - DIRECT FUNDS | | 97,509 |
| HEAD START CLUSTER - PASS THROUGH FUNDS | | | |
| Department of Health and Human Services | | | |
| Head Start Cluster | | | |
| Administration for Children and Families | 93.600 | CHCCAA HHS Head Start FY11-12 | 202,417 |
| Administration for Children and Families | 93.600 | CHCCAA HHS Head Start FY12-13 | 589,548 |
| | TOTAL HEAD START CLUSTER | | 791,965 |
| | TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES | | 791,965 |
| | TOTAL HEAD START CLUSTER - PASS THROUGH FUNDS | | 791,965 |
| | TOTAL HEAD START CLUSTER | | 889,474 |
| TOTAL FEDERAL AWARDS EXPENDITURES | | | 514,370,674 |

UNIVERSITY OF CINCINNATI

A COMPONENT UNIT OF THE STATE OF OHIO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying schedule of expenditures of federal awards includes the federal grant transactions of the University of Cincinnati (“University”) and is recorded on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Subrecipients—Certain funds are passed through to subgrantee organizations by the University. Expenditures incurred by the subgrantees and reimbursed by the University are presented in the schedule of expenditures of federal awards. The University is also the subrecipient of federal funds which have been subjected to testing and are reported as expenditures and listed as federal pass-through funds.

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

2. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBERS

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

3. FEDERAL DIRECT STUDENT LOANS PROGRAM (CFDA 84.268)

The University also participates in the Federal Direct Student Loan Program. Loan awards under this program for the year ended June 30, 2013 approximated \$294,099,376.

4. FEDERAL LOAN PROGRAMS

The University administers the Federal Perkins, Health Professions Student and Nursing Student Federal Loan Programs. Total loan expenditures and disbursements of the Department of Education and Department of Health and Human Services student financial assistance programs for the year ended June 30, 2013 are as follows:

| | |
|---|--------------|
| Federal Perkins Loan Program (CFDA 84.038) | \$ 2,845,793 |
| Health Professions Student Loan Program (CFDA 93.342) | 131,250 |
| Nursing Student Loan Program (CFDA 93.364) | 161,815 |
| Nursing Faculty Loan Program (CFDA 93.264) | 117,115 |
| | <hr/> |
| | \$ 3,255,973 |

The above expenditures include disbursements and expenditures such as loans to students and administrative expenditures.

UNIVERSITY OF CINCINNATI
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NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

Outstanding loans at June 30, 2013 include the following:

| | |
|---|----------------------|
| Federal Perkins Loan Program (CFDA 84.038) | \$ 22,625,551 |
| Health Professions Student Loan Program (CFDA 93.342) | 713,171 |
| Nursing Student Loan Program (CFDA 93.364) | 588,450 |
| Nursing Faculty Loan Program (CFDA 93.264) | 117,115 |
| | <u>\$ 24,044,287</u> |

5. INDIRECT COSTS

The University recovers indirect costs by means of predetermined indirect cost rates. The predetermined rates are a result of negotiated agreements with the U.S. Department of Health and Human Services. On May 18, 2012 the University received approval for indirect cost recovery rate effective from July 1, 2012 through June 30, 2016. The indirect cost rates structure is as follows:

| Rate Type | Effective July 1, 2012 through June 30, 2013 |
|-----------------------------|---|
| Organized Research: | |
| On-campus | 57.0% |
| Off-campus | 26.0% |
| Instruction: | |
| On-campus | 26.0% |
| Off-campus | 26.0% |
| Other Sponsored Activities: | |
| On-campus | 30.0% |
| Off-campus | 26.0% |

6. FUNDS PASSED TO SUBRECIPIENTS

The University passed funds to subgrantees for the following programs during the year ending June 30, 2013:

| CFDA Number | Program | Total |
|--------------------|---------------------------------------|----------------------|
| 20.205 | Highway Planning and Construction | \$ 35,698 |
| | Gaining Early Awareness and Readiness | |
| 84.334 | for Undergraduate Programs | 524,036 |
| 93.600 | Head Start | 44,000 |
| Various | Research and Development | 20,791,755 |
| | Total: | <u>\$ 21,395,489</u> |

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

Board of Trustees
University of Cincinnati
Cincinnati, Ohio

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the University of Cincinnati (University) and its discretely presented component unit, collectively a component unit of the State of Ohio, which comprise the statement of net position as of June 30, 2013, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated October 11, 2013 which contained a reference to the report of other auditors. Other auditors audited the financial statements of the University of Cincinnati Foundation, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

Compliance

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

Other Matters

The purpose of this communication 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 entity's internal control or compliance. This communication 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.

BKD, LLP

Cincinnati, Ohio
October 11, 2013

**Independent Auditor's Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program
and on Internal Control over Compliance in Accordance with OMB Circular A-133**

Board of Trustees
University of Cincinnati
Cincinnati, Ohio

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts and grants applicable to the major federal program is the responsibility of the University's management.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the University's major federal program based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination on the University's compliance with those requirements.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

BKD, LLP

Cincinnati, Ohio
October 11, 2013

**UNIVERSITY OF CINCINNATI
A COMPONENT UNIT OF THE STATE OF OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Summary of Auditor's Results

1. The opinion expressed in the independent auditor's report was:
- ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed
2. The independent auditor's report on internal control over financial reporting disclosed:
- Significant deficiency(ies)? ☐ Yes ☒ None reported
- Material weakness(es)? ☐ Yes ☒ No
3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No
4. The independent auditor's report on internal control over compliance with requirements that could have a direct and material effect on major federal awards programs disclosed:
- Significant deficiency(ies)? ☐ Yes ☒ None reported
- Material weakness(es)? ☐ Yes ☒ No
5. The opinion(s) expressed in the independent auditor's report on compliance with requirements that could have a direct and material effect on major federal awards was (were):
- ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed
6. The audit disclosed findings required to be reported by OMB Circular A-133? ☐ Yes ☒ No
7. The University's major program was:

| Cluster/Program | CFDA Number |
|-------------------------------|--------------------|
| Federal Student Financial Aid | Various |

**UNIVERSITY OF CINCINNATI
A COMPONENT UNIT OF THE STATE OF OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$3,000,000.
9. The University qualified as a low-risk auditee as that term is defined in OMB Circular A-133? ☐ Yes ☒ No

**UNIVERSITY OF CINCINNATI
A COMPONENT UNIT OF THE STATE OF OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

Findings Required to be Reported by *Government Auditing Standards*

| Reference Number | Finding | Questioned Costs |
|-----------------------------|----------------|-----------------------------|
|-----------------------------|----------------|-----------------------------|

No matters are reportable.

Findings Required to be Reported by OMB Circular A-133

| Reference Number | Finding | Questioned Costs |
|-----------------------------|----------------|-----------------------------|
|-----------------------------|----------------|-----------------------------|

No matters are reportable.

**UNIVERSITY OF CINCINNATI
A COMPONENT UNIT OF THE STATE OF OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

| Reference Number | Summary of Finding | Status |
|-----------------------------|----------------------------|---------------|
| | No matters are reportable. | |