



OREGON HEALTH & SCIENCE UNIVERSITY

OMB Circular A-133
EIN No. 93-1176109

Supplementary Financial Report

Year ended June 30, 2005

(With Independent Auditors' Report Thereon)

OREGON HEALTH & SCIENCE UNIVERSITY

OMB Circular A-133

EIN No. 93-1176109

Supplementary Financial Report

Year ended June 30, 2005

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KPMG LLP
Suite 3800
1300 South West Fifth Avenue
Portland, OR 97201

Independent Auditors' Report

The Board of Directors
Oregon Health & Science University:

We have audited the accompanying statements of financial position of Oregon Health & Science University (OHSU), an Oregon public corporation and a component unit of the State of Oregon, as of June 30, 2005 and 2004, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of OHSU's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OHSU's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oregon Health & Science University as of June 30, 2005 and 2004, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 23, 2005 on our consideration of OHSU's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 7 through 14 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

September 23, 2005



KPMG LLP
Suite 3800
1300 South West Fifth Avenue
Portland, OR 97201

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

The Board of Directors,
Oregon Health & Science University:

We have audited the financial statements of Oregon Health & Science University (OHSU) as of and for the year ended June 30, 2005, and have issued our report thereon dated September 23, 2005. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered OHSU's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

This report is intended solely for the information and use of the board of directors, OHSU's management, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

September 23, 2005



KPMG LLP
Suite 3800
1300 South West Fifth Avenue
Portland, OR 97201

**Report on Compliance With Requirements Applicable
to Each Major Program and on Internal Control over Compliance
in Accordance With OMB Circular A-133**

The Board of Directors,
Oregon Health & Science University:

Compliance

We have audited the compliance of Oregon Health & Science University (OHSU) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. OHSU's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of OHSU's management. Our responsibility is to express an opinion on OHSU's compliance based on our audit.

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 where 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 OHSU'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. Our audit does not provide a legal determination of OHSU's compliance with those requirements.

In our opinion, OHSU complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control over Compliance

The management of OHSU is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered OHSU's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, OHSU's management, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

September 23, 2005

OREGON HEALTH & SCIENCE UNIVERSITY

Management's Discussion and Analysis

June 30, 2005 and 2004

Introduction

The following discussion and analysis provides an overview of Oregon Health & Science University's (OHSU's) financial activities and should be read in conjunction with the financial statements and related footnote disclosures. This discussion has been prepared by management and is designed to focus on current activities, resulting changes and current known facts.

Financial Highlights

OHSU ended its June 30, 2005 fiscal year with a strong financial performance. This was in part due to a solid operating performance by the Hospitals and Clinics (Hospitals) as well as a significantly improved operating performance for the University. OHSU's consolidated net income before capital contributions for fiscal year 2005 was \$135.7 million versus \$79.4 million for fiscal year 2004. Several highlights include:

- Increased net patient service revenues by approximately 7.4%, or \$43.0 million, over fiscal year 2004. Specific revenue cycle initiatives were a primary focus this last fiscal year, including point of service cash collections, length of inpatient stay management, improving clinical documentation, and incident of service implementation for outpatient accounts. In addition, a significant increase was achieved in the University's gifts, grants, and contracts of \$63.3 million or approximately 16% over fiscal year 2004. This increase was primarily driven by the recognition of grant revenues, associated for the most part with the Oregon Opportunity Program, which began in fiscal year 2003. These bond proceeds are anticipated to be fully expended by fiscal year 2009.
- Implemented successful cost reduction initiatives in both the Hospitals and University. Expense reductions achieved were in part due to supply chain savings in various areas. In addition, cutbacks or eliminations occurred in some programs. As a result, total operating expenses were held to a 5.8% increase over fiscal year 2004. This was mostly the result of scheduled labor increases in both represented and unclassified employees.
- Significant progress continues to be made on new facilities on OHSU's Marquam Hill campus and on its new site in Portland's South Waterfront District. Taking OHSU to the forefront of biomedical technology, a 274,000 square foot Biomedical Research Building is nearing completion with an opening slated for fall of 2005. The new facility will have eleven levels and will include a pediatric research center, an advanced imaging research center, and state of the art biomedical laboratories.
- In addition, the construction of the Patient Care Facility on Marquam Hill continues to remain on schedule. This new structure will provide much needed clinical space, initially adding an additional 60 beds and expanded surgical services, including eight new operating rooms and space for four more in the future. The 335,000 square foot building is budgeted at \$216 million and is scheduled for opening in 2006. Coinciding with this opening is the completion of Building One located in Portland's South Waterfront District. This 400,000 square foot facility is budgeted at \$145 million, \$115.4 million of which is funded by bonds issued by OHSU Medical Group for which the University served as the non-recourse conduit issuer for nonrecourse bonds. This conduit borrowing is recorded on the books of the joint venture (RIMCO LLC) and is not an obligation of OHSU. OHSU Medical Group is not consolidated in the financial statements of OHSU. This new structure will house physician practices, outpatient surgery, a wellness center, research labs, and educational space. Connecting this new clinical space to the new Patient Care Facility on Marquam Hill will be an aerial tram, which is scheduled for completion in 2006.

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Management's Discussion and Analysis

June 30, 2005 and 2004

- Oregon Health & Science University Foundation's investment performance for the year resulted in a gain of \$33.6 million. This reflects a 14% gain on the endowment pool and a 2.3% gain on the current fund pool. Fiscal year 2005 investment performance was enhanced by earning investment returns of 23.4% for non-U.S. equity investments and 35.7% related to the alternative investment portfolio such as commingled pools and hedge funds.

Statements of Financial Position

The Statements of Financial Position include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector organizations. Net assets – the difference between assets and liabilities – are one way to measure the financial health of an institution.

Summary Statements of Financial Position

June 30, 2005 and 2004

(Dollars in thousands)

	<u>2005</u>	<u>2004</u>
Assets:		
Current assets	\$ 271,880	269,916
Capital assets	892,294	764,826
Other noncurrent assets	859,065	899,925
Total assets	<u>\$ 2,023,239</u>	<u>1,934,667</u>
Liabilities:		
Current liabilities	\$ 269,881	306,140
Noncurrent liabilities	609,667	621,143
Total liabilities	<u>879,548</u>	<u>927,283</u>
Net assets:		
Invested in capital assets, net of related debt	444,459	359,956
Restricted, expendable	190,797	178,676
Restricted, nonexpendable	112,053	108,116
Unrestricted	396,382	360,636
Total net assets	<u>1,143,691</u>	<u>1,007,384</u>
Total liabilities and net assets	<u>\$ 2,023,239</u>	<u>1,934,667</u>

Assets

Total assets increased by \$88.6 million during the current year, compared to an increase of \$181.9 million for the year ended June 30, 2004. The large increase in fiscal year 2004 was due primarily to additions of capital assets, due to a large land donation as well as building construction and additions to other noncurrent assets. In fiscal year 2005, there was a 16.7% increase in capital assets primarily due to OHSU building expansion, which was offset by 4.6% reduction in other noncurrent assets.

OREGON HEALTH & SCIENCE UNIVERSITY

Management's Discussion and Analysis

June 30, 2005 and 2004

Capital assets overall increased by \$127.5 million for the current year, and \$83.2 million for fiscal year 2004, net of accumulated depreciation. Fiscal year 2005 capital additions include construction costs on the Biomedical Research Building for \$48.0 million, \$67.8 million in construction of the new Patient Care Facility and \$4.8 million in development of the ambulatory electronic health record. The remainder reflects routine capital purchases within the Hospital and University offset by the increase in accumulated depreciation.

The fiscal year 2005 decrease in other noncurrent assets of \$40.9 million relates primarily to the decrease in Funds held by Trustee as bond proceeds are used for construction. During fiscal year 2004, other noncurrent assets increased \$61.3 million due almost entirely to the receipt of the second half of proceeds from the Oregon Opportunity Program, included in long-term investments. Long-term investments, which includes investments classified as restricted and unrestricted increased by \$84.3 million this year, and by \$67.6 million during fiscal year 2004.

Liabilities

Total liabilities decreased by \$47.7 million during the current year, and increased by \$67.3 million during fiscal year 2004, with deferred revenue as the major factor for both. The deferred revenue fluctuations are attributable to the Oregon Opportunity Program, due to the timing of matching revenues with expenditures as incurred.

Current liabilities consist mainly of the current portion of long-term debt, including capital leases, accounts payable, wages payable and deferred revenue. Current liabilities decreased \$36.3 million during the current year, reversing an increase of \$84.2 million from fiscal year 2004. As mentioned above, the timing of recognizing deferred revenues as expenditures are incurred for the Oregon Opportunity Program, caused a \$69.0 million reduction in the current year as opposed to a \$66.0 million increase during fiscal year 2004. Accounts payable and accrued expenses increased \$18.3 million and \$6.4 million for the fiscal years ended June 30, 2005 and 2004, respectively, primarily due to increased construction costs.

Total noncurrent liabilities decreased by \$11.5 million and \$16.9 million for the years ended June 30, 2005 and 2004, respectively. These decreases relate primarily to the reduction of debt as a result of scheduled redemptions and regular debt payments.

Net Assets

Total net assets increased by approximately \$136.3 million during the current year, as compared to \$114.6 million during fiscal year 2004.

Unrestricted net assets increased by \$120.2 million in the current year and \$88.9 in fiscal year 2004. These increases in unrestricted net assets were primarily due to nonoperating income, capital contributions and other changes in net assets during the years including the large donation of land in 2004.

OREGON HEALTH & SCIENCE UNIVERSITY

Management's Discussion and Analysis

June 30, 2005 and 2004

Statements of Revenues, Expenses, and Changes in Net Assets

The Statements of Revenues, Expenses, and Changes in Net Assets present the operating results of OHSU, as well as the nonoperating revenues and expenses. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life. In accordance with generally accepted accounting principles, annual state appropriations are considered nonoperating revenue, but in practice, are budgeted for operations.

Summary Statements of Revenues, Expenses, and Changes in Net Assets

Years ended June 30, 2005 and 2004

(Dollars in thousands)

	<u>2005</u>	<u>2004</u>
Operating revenues	\$ 1,192,392	1,078,774
Operating expenses	<u>1,149,047</u>	<u>1,086,182</u>
Operating income/(loss)	43,345	(7,408)
Nonoperating revenues	92,324	86,833
Capital contributions and other	<u>638</u>	<u>35,174</u>
Change in net assets	136,307	114,599
Net assets – Beginning of the year	<u>1,007,384</u>	<u>892,785</u>
Net assets – End of the year	<u>\$ 1,143,691</u>	<u>1,007,384</u>

Total Operating Revenue

OHSU's operating revenues increased by \$113.6 million during fiscal year 2005, and \$59.5 million during fiscal year 2004, due mainly to increases in net patient service revenue and gifts, grants and contracts. See Figure 1 for a breakout between operating and nonoperating revenues.

Net patient service revenue consists of revenues earned for clinical services provided in the OHSU Hospitals, the Child Development and Rehabilitation Center and various clinics. This year over year positive change of \$43.0 million and \$26.7 million for fiscal years ended 2005 and 2004, respectively, is primarily due to Hospital patient volume increases, revenue cycle initiatives, and rate increases.

OREGON HEALTH & SCIENCE UNIVERSITY

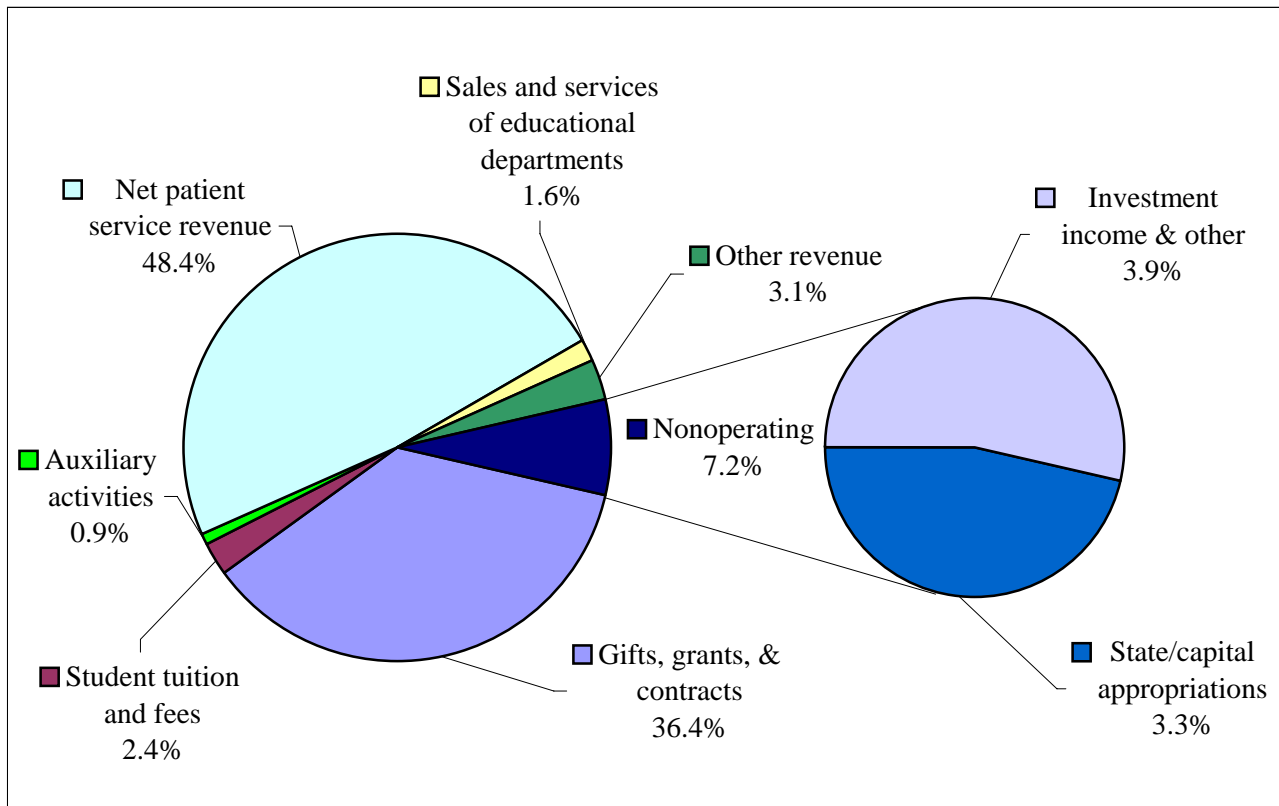
Management's Discussion and Analysis

June 30, 2005 and 2004

Gifts, grants and contracts consist of revenue from sponsored projects, fees paid for services other than clinical services and private and corporate gifts. This category of revenue grew by \$63.3 million in the current year primarily due to a \$28.8 million increase in revenue recognized from the Oregon Opportunity Program and a \$32.7 million increase in restricted sponsored research and teaching programs (grants). Fiscal year 2004 increased by \$29.7 overall due to an increase of \$5.7 million in recognized revenue from the Oregon Opportunity Program, and a \$22.4 million increase in restricted sponsored research and teaching programs (grants).

Figure 1

**Revenue by Source FY05
Operating and Nonoperating (Total \$1.3 billion)**



Total Operating Expenses

OHSU's operating expenses increased by \$62.9 million during fiscal year 2005 compared to a \$16.0 million increase in fiscal year 2004.

Salaries, wages, and benefits, which comprise approximately 58% of the total expenses, increased by \$42.0 million in the current year as compared to only \$1.1 million in fiscal year 2004. The current year increase was primarily due to increases of approximately \$10.0 million in restricted grants and approximately \$26.0 million in hospital expenses to address higher patient volumes and salary increases.

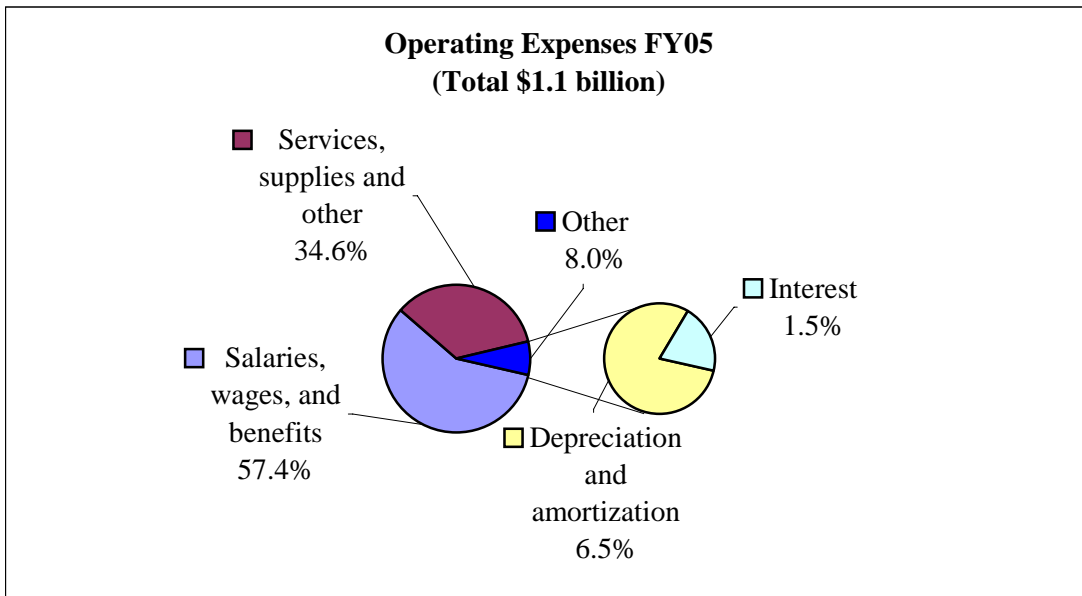
OREGON HEALTH & SCIENCE UNIVERSITY

Management's Discussion and Analysis

June 30, 2005 and 2004

Services, supplies and other expenses, increased \$26.5 million and \$20.0 million in fiscal years 2005 and 2004, respectively, primarily due to increased hospital costs associated with higher patient volume and additional expenses related to grant activity.

Figure 2



Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of investment income, including changes in fair value of investments and appropriations from the State of Oregon. This category of revenue and expense increased by \$5.5 million and \$17.9 million during fiscal years 2005 and 2004, respectively. The fiscal year 2005 increase was mainly due to an increase of \$7.3 million in the fair market value of investments. Investment income was the primary source of the fiscal year 2004 increase, growing \$20.9 million.

OREGON HEALTH & SCIENCE UNIVERSITY

Management's Discussion and Analysis

June 30, 2005 and 2004

Capital Contributions and Other

Capital contributions and other consist of contributions of donated land and equipment and other additions to net assets.

Operating Expenses (By Functional Classification)

Years ended June 30, 2005 and 2004

(Dollars in thousands)

	<u>2005</u>	<u>2004</u>
Instruction, research and public service	\$ 294,795	286,068
Clinical activity	577,365	531,380
Auxiliaries	6,870	6,743
Service centers	12,739	10,644
Student services	43,576	35,437
Academic support	36,458	43,663
Institutional support	36,280	31,414
Operations, maintenance, and other	57,322	54,967
Direct foundation expenditures	18,355	15,403
Depreciation	65,287	70,463
	<u>\$ 1,149,047</u>	<u>1,086,182</u>

Statements of Cash Flows

The Statements of Cash Flows present the information related to cash inflows and outflows summarized by operating, capital and noncapital financing and investing activities, information about cash receipts and cash payments during the year. This statement also helps users assess the University's ability to generate net cash flows, its ability to meet its obligations as they come due, and its use of external financing.

Summary Statements of Cash Flows

Years ended June 30, 2005 and 2004

(Dollars in thousands)

	<u>2005</u>	<u>2004</u>
Cash provided by (used in):		
Operating activities	\$ 100,000	170,969
Noncapital financing activities	42,830	42,950
Capital and related financing activities	(226,726)	(143,152)
Investing activities	90,495	(32,157)
Net increase in cash and cash equivalents	6,599	38,610
Cash and cash equivalents – Beginning of the year	69,272	30,662
Cash and cash equivalents – End of the year	<u>\$ 75,871</u>	<u>69,272</u>

OREGON HEALTH & SCIENCE UNIVERSITY

Management's Discussion and Analysis

June 30, 2005 and 2004

The Statements of Cash Flows are comprised of four parts:

Operating Activities – This section reflects operating cash flows and the net cash provided by the operating activities of the institution.

Noncapital Financing Activities – This section shows the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes.

Capital and Related Financing Activities – This section reflects the cash used for the acquisition and construction of capital and related items.

Investing Activities – This section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities.

Future Challenges

- Even though OHSU has demonstrated significant improvement in financial results for the last three years, the institution remains cautious in its approach to spending and investing. There are many factors to consider that could impact the financial position of the Institution.
- The Hospitals will continue to operate in an increasingly competitive market, challenged by Medicare, Medicaid, and private reimbursement payment issues.
- Substantial new clinical and research capacity will be placed into service at or near the end of fiscal year 2006. Significant management attention will be required to assure maximum possible utilization and generation of related revenues to offset new costs incurred.
- Federal funding for the University's research programs is not projected to grow significantly over the next few years. OHSU's approved indirect cost rate increases in fiscal year 2006 to 52.5% as compared to 51.0% in fiscal year 2005. In addition, the rate was negotiated to increase in 2007 to 53.5% and to increase again in 2008 to 54.0%.
- Until the economy recovers, volatility in the financial markets will continue to be a concern.
- As the State of Oregon struggles to allocate budget dollars to competing priorities, the amount of funds that will be available for higher education remains a concern.

OHSU has had a very successful year, increasing its net assets to allow for planned and necessary growth. It will remain cautious in its plans for growth while continuing to protect and increase its resources. A strong commitment to its missions of teaching, healing, and research remains its over arching goal for the future years to come.

OREGON HEALTH & SCIENCE UNIVERSITY

Statements of Financial Position

June 30, 2005 and 2004

(Dollars in thousands)

Assets	2005	2004
Current assets:		
Cash and cash equivalents	\$ 75,871	69,272
Short-term investments	33,283	30,417
Funds held by trustee, current portion	5,361	8,987
Patients accounts receivable, net of allowance of \$81,824 in 2005 and \$87,517 in 2004	75,795	91,825
Student receivables	27,872	22,707
Interest receivable	2,518	2,391
Pledges and estates receivable, current portion	6,786	10,784
Other receivables, net	28,583	18,313
Inventories, at cost	7,777	7,967
Prepaid expenses	8,034	7,253
	271,880	269,916
Noncurrent assets:		
Capital assets:		
Land	49,046	49,041
Buildings and other improvements	760,406	735,846
Equipment	415,359	388,098
Construction in progress	230,034	105,766
Accumulated depreciation	(562,551)	(513,925)
	892,294	764,826
Funds held by trustee – less current portion	178,527	301,751
Long-term investments – less current portion:		
Long-term investments, restricted	296,507	274,508
Long-term investments, unrestricted	363,665	301,359
	660,172	575,867
Deferred financing costs, net	8,942	9,426
Pledges and estates receivable – less current portion	11,424	12,881
	1,751,359	1,664,751
Total assets	\$ 2,023,239	1,934,667
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt, bonds	\$ 9,793	10,943
Current portion of long-term capital leases	602	543
Accounts payable and accrued expenses	71,497	60,218
Drafts payable	16,056	18,936
Accrued salaries, wages, and benefits	38,930	33,055
Compensated absences payable	35,103	31,147
Due to contractual agencies	7,108	6,498
Annuity payment liability	19,706	6,018
Deferred revenue	69,797	138,782
Other current liabilities	1,289	—
	269,881	306,140
Noncurrent liabilities:		
Liability for self-funded insurance programs	29,608	25,414
Long-term debt, bonds – less current portion	575,795	591,579
Long-term capital leases – less current portion	3,548	4,150
Other noncurrent liabilities	716	—
	609,667	621,143
Total liabilities	879,548	927,283
Net assets:		
Invested in capital assets, net of related debt	444,459	359,956
Restricted, expendable	190,797	178,676
Restricted, nonexpendable	112,053	108,116
Unrestricted	396,382	360,636
	1,143,691	1,007,384
Total liabilities and net assets	\$ 2,023,239	1,934,667

See accompanying notes to financial statements.

OREGON HEALTH & SCIENCE UNIVERSITY

Statements of Revenues, Expenses, and Changes in Net Assets

Years ended June 30, 2005 and 2004

(Dollars in thousands)

	2005	2004
Operating revenues:		
Patient service revenue, net of provision for bad debts of \$39,382 in 2005 and \$23,169 in 2004	\$ 622,198	579,166
Student tuition and fees, net	31,341	30,013
Gifts, grants, and contracts	467,865	404,597
Sales and services of educational departments	20,652	18,079
Auxiliary enterprises	11,346	10,384
Other revenue	38,990	36,535
	<u>1,192,392</u>	<u>1,078,774</u>
Operating expenses:		
Salaries, wages, and benefits	664,966	622,967
Services, supplies, and other	402,500	375,973
Depreciation and amortization	65,287	70,463
Interest	16,294	16,779
	<u>1,149,047</u>	<u>1,086,182</u>
Total operating expenses	<u>1,149,047</u>	<u>1,086,182</u>
Operating income (loss)	<u>43,345</u>	<u>(7,408)</u>
Nonoperating revenues (expenses):		
Investment income	26,300	27,201
Net unrealized change in fair value of investments	24,516	17,200
State appropriations	42,830	42,950
Other	(1,322)	(518)
	<u>92,324</u>	<u>86,833</u>
Total nonoperating revenues, net	<u>92,324</u>	<u>86,833</u>
Net income before capital contributions	<u>135,669</u>	<u>79,425</u>
Capital contributions and other:		
Contribution to loan principal and other	15	534
Donated equipment	623	665
Donated land	—	33,975
	<u>638</u>	<u>35,174</u>
Total capital contributions and other	<u>638</u>	<u>35,174</u>
Total increase in net assets	<u>136,307</u>	<u>114,599</u>
Net assets – beginning of year	<u>1,007,384</u>	<u>892,785</u>
Net assets – end of year	<u>\$ 1,143,691</u>	<u>1,007,384</u>

See accompanying notes to financial statements.

OREGON HEALTH & SCIENCE UNIVERSITY

Statements of Cash Flows

Years ended June 30, 2005 and 2004

(Dollars in thousands)

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Receipts for patient services	\$ 638,838	580,486
Receipts from students	26,176	28,092
Receipts of gifts, grants, and contracts	418,739	410,843
Receipts from sales and services of educational departments	20,652	18,079
Receipts from auxiliary services	11,346	10,384
Other receipts	29,268	107,427
Payments to employees for services	(655,135)	(618,477)
Payments to suppliers	(389,884)	(365,865)
	<u>100,000</u>	<u>170,969</u>
Cash flows from noncapital financing activities:		
State appropriations	42,830	42,950
	<u>42,830</u>	<u>42,950</u>
Cash flows from capital and related financing activities:		
Principal payments on long-term debt	(16,386)	(9,407)
Interest payments on long-term debt	(16,842)	(15,078)
Acquisition of capital assets	(192,983)	(118,144)
Payments on capital leases	(543)	(539)
Capital contributions and other	28	16
	<u>(226,726)</u>	<u>(143,152)</u>
Cash flows from investing activities:		
Purchases of investments	(2,293,227)	(2,293,038)
Proceeds from sales and maturities of investments	2,332,906	2,216,480
Interest on investments and cash balances	50,816	44,401
	<u>90,495</u>	<u>(32,157)</u>
Net increase in cash and cash equivalents	6,599	38,610
Cash and cash equivalents, beginning of year	69,272	30,662
Cash and cash equivalents, end of year	<u>\$ 75,871</u>	<u>69,272</u>
Supplemental disclosure of noncash financing activities:		
Land and equipment donations	\$ 623	34,640

OREGON HEALTH & SCIENCE UNIVERSITY

Statements of Cash Flows

Years ended June 30, 2005 and 2004

(Dollars in thousands)

	2005	2004
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 43,345	(7,408)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	65,287	70,463
Provision for bad debts	47,732	23,169
Interest expense reported as operating expense	16,294	16,779
Net changes in assets and liabilities:		
Patient accounts receivable	(31,702)	(25,807)
Student receivables	(5,165)	(1,921)
Interest receivables	(127)	300
Pledges and estates receivable	5,455	6,246
Other receivables	(10,270)	4,631
Inventories	190	14
Prepaid expenses	(781)	(1,680)
Accounts payable and accrued expenses	11,279	6,387
Drafts payable	(2,880)	2,821
Accrued salaries, wages, and benefits	5,875	3,108
Compensated absences payable	3,956	1,382
Other current liabilities	1,289	3,958
Due to contractual agencies	610	1,382
Annuity payment liability	13,688	(208)
Deferred revenue	(68,985)	65,961
Liability for self-funded insurance programs	4,194	2,774
Other noncurrent liabilities	716	—
Net cash provided by operating activities	\$ 100,000	172,351

See accompanying notes to financial statements.

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

As the only academic health center in the State of Oregon (the State), Oregon Health & Science University (OHSU) is dedicated to the education and training of health care professionals, research, patient care, and public service. In addition to the School of Medicine, School of Nursing, School of Dentistry, and the OGI School of Science and Engineering (OGI), OHSU is comprised of several research units, including the Vollum Institute for Advanced Biomedical Research, Center for Research on Occupational and Environment Toxicology, Biomedical Information Communication Center, Oregon National Primate Research Center, Neurological Sciences Institute, Vaccine and Gene Therapy Institute, and several clinical units, including University Hospital (the Hospital), and the Child Development and Rehabilitation Center. Doernbecher Children's Hospital is a unit of the Hospital serving the pediatric community. In addition, OHSU operates a captive insurance company for self insurance purposes, OPS Limited (OPS), which is included in the accompanying financial statements.

Pursuant to an act of the Oregon legislature (the 1995 Act), on July 1, 1995, OHSU was restructured from one of eight component units of the Oregon University System (OUS) to an independent public corporation. OHSU remains a component unit of the State.

The majority of the real property that constitutes OHSU's main campus on Marquam Hill (and certain off-campus properties) in Portland are owned by the State. Pursuant to the Act, the State retained title of such real property and OHSU was granted exclusive care, custody and control of such real property. To evidence this condition, the State and OHSU entered into a 99-year lease, dated July 1, 1995 (the State Lease), under which the State leased to OHSU all of the State's leaseable interest in such real property. Under the terms of the State Lease, the State may terminate the State Lease if, prior to such termination, the State causes the defeasance or discharge of all then outstanding obligations of OHSU that were issued to finance improvements on the property subject to the State Lease or to refinance obligations of OHSU to the State. Under the State Lease, improvements include completed and partially completed buildings, fixtures, structures and other improvements constructed on the property subject to the State Lease. In addition, OHSU was granted ownership of all personal property of the university, as it existed prior to the enactment of the Act.

Oregon Health & Science University Foundation (OHSU Foundation) and Doernbecher Children's Hospital Foundation (together the Foundations) are separately incorporated nonprofit foundations affiliated with OHSU. The primary purpose of the Foundations is to raise money for OHSU research, scientific, charitable, and educational purposes and to promote support for Doernbecher Children's Hospital. Consequently, the financial position and the results of operations of the Foundations are included in the accompanying financial statements. Transactions between OHSU and the Foundations have been eliminated.

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

(b) *Accounting Standards*

The accounting policies of OHSU conform to accounting principles generally accepted in the United States of America. OHSU's financial statements and footnote disclosures are based on all applicable Government Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Boards (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedure.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, OHSU has elected to apply the provisions of all relevant pronouncements of the FASB, including those issued after November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34). This statement, known as the "Reporting Model" statement, impacts the way OHSU prepares and presents financial information. GASB 34 established the requirements and reporting model for the annual financial statements and was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions. GASB 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the reporting entity in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the type of analysis provided by the private sector in its annual reports. This reporting model also requires the use of a direct method cash flow statement.

Net assets are classified into four net asset categories, in accordance with donor-imposed restrictions.

- *Net assets invested in capital assets, net of related debt* represents the depreciated value of capital purchases, net of related debt.
- *Net assets restricted, expendable* carry externally-imposed restrictions that expire in the future.
- *Net assets restricted, nonexpendable* carry externally-imposed restrictions that never expire.
- *Net assets unrestricted* carry no externally-imposed restrictions.

In November 1999, the GASB issued Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. This Statement established accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines of GASB 34.

On July 1, 2004, OHSU adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This statement establishes and modifies disclosure requirements related to investment risks. Disclosures of OHSU's interest rate risk (associated with fixed income securities), credit risk and foreign currency risk are included in note 2.

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

(c) *Financial Reporting Entity*

As required by accounting principles generally accepted in the United States of America, these financial statements present OHSU, the primary government, and its component units, entities for which OHSU is considered to be financially accountable. Blended component units, although separate legal entities are, in substance, part of OHSU's operations and have been included in the financial statements. The following component units meet the requirement for blending: OPS, Oregon Health & Science University Foundation, and Doernbecher Children's Hospital Foundation.

Financial reports for OPS, Oregon Health & Science University Foundation, and Doernbecher Children's Hospital Foundation that include financial statements and required supplementary information are publicly available. These reports may be obtained by contacting management of OHSU.

(d) *Basis of Accounting*

Basis of accounting refers to the timing of when revenues and expenses are recognized in the accounts and reported in the financial statements. OHSU reports as a proprietary fund within the governmental model. OHSU's financial statements have been prepared using the accrual basis of accounting with the economic resources measurement focus. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

(e) *Use of 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(f) *Cash and Cash Equivalents*

OHSU considers investments with a remaining maturity when purchased of three months or less as cash equivalents. OHSU had cash equivalents of \$72,548 and \$65,208 at June 30, 2005 and 2004, respectively.

(g) *Investments*

Investments are carried at fair value. Net unrealized gains and losses are included in net unrealized change in fair value of investments in the statements of revenues, expenses, and changes in net assets. Interest, dividends, and realized gains and losses on investments are included in nonoperating revenue as investment income when earned.

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

(h) Inventories

Inventories are recorded at the lower of cost or market value with the majority of inventories accounted for under the first-in, first-out method. Inventories consist primarily of supplies in organized stores located at OHSU.

(i) Capital Assets

Capital asset acquisitions are stated at cost. Donated items are recorded on the basis of fair market value at the date of donation. OHSU capitalizes equipment additions greater than three thousand dollars and capital projects greater than ten thousand dollars. Maintenance, repairs, and minor replacements are expensed as incurred. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is recorded as nonoperating revenue or expense. Interest on borrowed amounts during major construction is capitalized and amortized over the depreciable life of the related asset. During 2005 and 2004, OHSU capitalized approximately \$7,860 and \$7,155 of interest expense, which is net of \$3,499 and \$3,599 of interest income, respectively.

The provision for depreciation is determined by the straight-line method at rates calculated to amortize the cost of assets over their estimated useful lives as follows: buildings and other improvements, 10 to 40 years; equipment, 3 to 20 years.

(j) Federal Income Taxes

OHSU, as a division of the State, is not subject to federal income taxes under Section 115 of the Internal Revenue Code, except for unrelated business income.

(k) State Appropriations

The Oregon State Legislature makes an appropriation to OHSU on a biennial basis. The amount so designated is then allocated by month based on OHSU's budget.

(l) Research Activity

Restricted grants receivable represent receivables for grant activities which OHSU has met all applicable eligibility requirements and which the funds are available from the granting agency. The balance in deferred revenue as of year-end represents amounts advanced for which OHSU has not met all applicable eligibility requirements. As of June 30, 2005 and 2004, the grant receivable balance was \$18,572 and \$9,868, respectively, included in other receivables in the accompanying statements of financial position.

(m) Operating Revenues

OHSU includes in operating revenues patient service revenue, student tuition and fees, gifts, grants and contracts, and other income from sales and services of educational departments and auxiliary enterprises. These revenues are key components of the operations of OHSU.

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

(n) Net Patient Service Revenue

Net patient service revenue related to the Hospital and the Child Development and Rehabilitation Center are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated settlements under reimbursement agreements with third-party payors. These amounts include services provided that have not yet been billed. Settlement adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Services are rendered to patients under contractual arrangements with Medicaid and Medicare programs and various commercial insurance carriers and preferred provider and health maintenance organizations (PPOs and HMOs) which provide for payment or reimbursement at amounts different from published rates. Contractual adjustments represent the difference between published rates for services and amounts paid or reimbursed by these third-party payors. Medicaid and Medicare programs pay a prospective fixed price for the major portion of services rendered to hospital inpatients primarily on the basis of diagnosis related groups. Payments for Medicare outpatient services are based on prospectively determined rates. Capital costs are reimbursed on a fully prospective methodology. Reimbursement of PPOs and HMOs are generally on prospectively negotiated rates or a percentage of charges.

Included as a reduction in net patient service revenue is approximately \$4,896 in 2005, related to changes in estimates and settlements on Medicare, Medicaid and other third-party payor contracts. OHSU expects to receive additional payment from Medicare related to the disproportionate share program related to the fiscal years 1996 through 2000. OHSU estimates that it may receive approximately ten to twelve million dollars and is currently under review by the federal fiscal intermediary, but is likely to be completed and resolved in fiscal 2006. Due to this uncertainty, OHSU has not recorded a receivable related to this matter.

A summary of patient service revenues during the years ended June 30, 2005 and 2004 is as follows:

	2005	2004
Gross patient charges	\$ 1,210,837	1,122,120
Contractual discounts	(549,257)	(519,785)
Provision for bad debts	(39,382)	(23,169)
Net patient service revenues	\$ 622,198	579,166

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

(o) Student Tuition and Fees Revenues

A summary of student tuition and fees revenues during the years ended June 30, 2005 and 2004 is as follows:

	<u>2005</u>	<u>2004</u>
Gross student tuition	\$ 37,613	36,299
Exemptions	(6,272)	(6,286)
Student tuition and fees revenues, net	<u>\$ 31,341</u>	<u>30,013</u>

(p) Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its published rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy. Charity care provided, measured as charges forgone, based on established rates, was \$24,324 and \$21,284 in 2005 and 2004, respectively.

(q) Pledges and Estates Receivable

Pledges and estates receivable are recorded as receivables and revenues in the appropriate net asset category based upon donor imposed restrictions and are reported at fair value at the date the promise is received. The majority of pledges are received within five years of the date the commitment was received. The majority of estates are received within one year. Pledges and estates receivable, less reserves for estimated uncollectible amounts, are discounted to their present value using a two-year treasury bill rate, which approximates the average age of pledges and estates receivable. The discount rate used was 3.7% and 2.7% at June 30, 2005 and 2004, respectively.

(r) Life Income Agreements

The Foundations have been named as remainder beneficiaries for various life income agreements. Life income agreements provide for contractual payments to designated beneficiaries for a specific period, after which the remaining principal and interest revert to the Foundations. Contributions received under life income agreements are included in long-term investments, restricted with the corresponding commitment to the beneficiary included in annuity payment liability in the accompanying statements of financial position.

(s) Reclassifications

Certain amounts have been reclassified in the 2004 financial statements to conform to the 2005 presentation format.

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

(2) Cash and Investments

OHSU holds substantially all of its cash, cash equivalent and investment balances at financial institutions. Collateralized deposits are secured pursuant to the Oregon Revised Statutes. Substantially all of OHSU's cash, cash equivalents and investments are insured and are held in OHSU's name by OHSU or by an agent of OHSU.

OHSU's investment policies are approved by the board of directors and are valued as prescribed by Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in the fair value of investments are included in net nonoperating revenues.

Cash and investments are carried at estimated fair values. Fair values are determined by quoted market prices based primarily upon information provided by investment managers. Contracts receivable are carried at cost, which approximates market. Other investments are recorded at their fair market value. Adjustments to that value are made if it is determined that a permanent decline in value has occurred.

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

The composition of investments at June 30, 2005 and 2004 are as follows:

	2005	2004
Short-term investments:		
U.S. treasury	\$ 6,163	13,737
U.S. government agencies	5,478	—
Corporate obligations	12,185	11,624
Municipal bonds	—	3,727
Fixed income	8,046	—
Other	1,411	1,329
	\$ 33,283	30,417
Funds held by trustee, current portion:		
U.S. government agencies	\$ 2,477	5,832
Commercial paper	—	481
Other	2,884	2,674
	\$ 5,361	8,987
Funds held by trustee, less current portion:		
Cash and cash equivalents	\$ 76,660	—
U.S. government agencies	100,853	220,802
Commercial paper	1,014	80,451
Other	—	498
	\$ 178,527	301,751
Long-term investments, less current portion:		
U.S. treasury	\$ 19,392	21,696
U.S. government agencies	38,848	54,232
Corporate obligations	66,717	72,996
Municipal bonds	—	11,500
Fixed income	230,072	183,369
Equities	264,903	222,428
Non-marketable investments	14,237	4,113
Other	26,003	5,533
	\$ 660,172	575,867

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

Investments and Related Policies

(a) *Interest Rate Risk*

As of June 30, 2005, OHSU had the following investments and maturities.

Investment Type	Standard & Poors Credit Rating	Maturity				Total
		Less than 1 year	1-5 years	6-10 years	More than 10 years	
Cash and Money Market Funds	n/a	\$ 14,863	—	—	—	\$ 14,863
U.S. government securities	n/a	14,507	53,666	1,351	308	69,832
U.S. agency securities	n/a	121,003	74,520	2,854	—	198,377
Domestic equity securities	n/a	302	—	—	88,147	88,449
International equity securities	n/a	—	—	—	69,211	69,211
International debt securities	AAA	1,589	953	2,471	507	5,520
	AA	—	—	499	—	499
	A	—	—	476	—	476
	Not rated	—	719	—	—	719
Commercial paper						
	AAA	4,591	—	—	—	4,591
	AA	3,008	—	—	—	3,008
	A-1+	8,113	—	—	—	8,113
Corporate bonds	AAA	927	3,495	828	—	5,250
	AA	100	35,254	—	—	35,354
	A	1,414	46,479	10,189	—	58,082
	BBB	919	7,352	11,354	—	19,625
	Not rated	11	—	—	—	11
Non-US corporate bonds	AA	—	1,790	—	—	1,790
	A	—	1,924	492	—	2,416
	BBB	—	—	3,136	—	3,136
Interest receivable	Various	1,400	—	—	—	1,400
Asset backed securities	AAA	864	46,858	11,720	18,727	78,169
Private debt obligations	AAA	2,031	—	—	—	2,031
Non-marketable investments	n/a	2,043	—	—	—	2,043
Mutual funds - fixed income only	AAA	32,320	19,405	9,228	7,432	68,385
	AA	953	64	100	501	1,618
	A	—	523	328	8	859
	BBB	—	531	1,056	1,446	3,033
	BB	—	23	509	4	536
	B	—	1	40	1	42
	Below B	—	—	10	—	10
	Not rated	—	5	23	13	41
Mutual funds - non fixed income	n/a	—	—	—	13,540	13,540
Marketable alternative assets	n/a	—	—	—	93,702	93,702
Commingled pools	n/a	—	—	—	14,237	14,237
Other	n/a	1,081	—	—	7,294	8,375
Total		212,039	293,562	56,664	315,078	877,343

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

OHSU investment policies vary based on the investment objectives of the portfolio. The operating and trustee held portfolios seek to preserve principal with the intent of maximizing total return within appropriate risk parameters. Maturities of securities in these portfolios are based upon returns available at the time of investing while considering cash requirements of the organization.

The Endowment Fund seeks to produce a predictable and stable payout stream that increases over time, while achieving growth of corpus. Fixed income securities held in this fund shall have a medium to long duration (3 to 10 years). The Charitable Gift Annuity Pool seeks to produce a relatively predicible and stable payout stream that will satisfy the funds distribution obligations while achieving long term capital appreciation of the overall fund balance. Fixed income securities held in this fund shall have a short duration (1 – 3 years). Charitable Trusts are managed to produce a relatively predicible and stable payout stream that will satisfy the funds distribution obligations while achieving long term capital appreciation of the overall fund balance. Fixed income security duration is determined based on the individual circumstances of each trust account.

(b) Credit Risk

The operating and trustee held portfolios require the following minimum ratings or better from Moody's or Standard & Poor's:

	Minimum Moody's Rating	Minimum Standard & Poor's Rating
Bankers Acceptances	A-1	P-1
Commercial Paper	A-1	P-1
Certificates of Deposit	A	P-1
Deposit Notes	A	A2
Eurodollar CDs or Eurodollar Time Deposits	A	P-1
Yankee CDs (Foundations Only)	A-1	P-1
Corporate Debt	Baa3	BBB-
Foreign Government and Supranational Debt	Baa3	BBB-
Insurance Company Annuity Contracts and GICs	Aaa	AAA
Mortgage Pass-Through Securities	Aaa	AAA
Structured Securities Including Asset-Backed Securities	Aaa	AAA

The Endowment Pool requires a weighted average credit rating of each fixed income portfolio (within the pool) of A or higher and an avoidance of the prospect of credit failure or risk of permanent loss. Issues of state or municipal agencies are prohibited, except under unusual circumstances. The endowment fund may hold up to a maximum of 10 percent of the fixed income portion of the fund in below investment grade (but rated B or higher by Moody's or S&P) fixed income securities.

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

The charitable gift annuity pool and charitable trust investments require a minimum credit quality rating in investment grade Baa/BBB bond investments and a minimum rating of A1-P1 for investments in commercial paper.

(c) Concentration of Credit Risk

OHSU's operating and trustee held portfolios limit investments in any one issue to a maximum of 10 percent depending on the investment type, except for issues of the US Government or agencies of the US Government, which may be held without limitation. The Endowment Pool and Charitable Gift Annuity Pool limit investments in any one issue to a maximum of 5 percent, except for issues of the US Government or agencies of the US Government, which may also be held without limitation. The charitable trusts place no limit on the amount that may be invested in any one issuer. OHSU is invested in a commingled account that has a balance above 5 percent of its total invested assets. This account is diversified within its investment sector and does not hold individual assets in excess of the limitations discussed above:

<u>Account</u>	<u>Amount</u>
PIMCO Total Return Institutional Fund	\$ 47,639

(d) Foreign Currency Risk

OHSU's investment policies permit investments in international equity and other asset classes, which can include foreign currency exposure. The operating and trustee held portfolios allow investments in Eurodollar CDs. The Endowment Pool allows up to 35 percent of the portfolio to be invested in international equities and up to 25 percent of the fixed income portion of the fund to be invested in non-U.S. dollar denominated bonds. The Charitable Gift Annuity Pool allows up to 10 percent of the portfolio to be invested in international equities. The charitable trust investments are permitted to include international equities and the amount of the investment is determined based on the individual circumstances of each trust account.

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

The following table details the market value of foreign denominated securities by currency type.

<u>Foreign currency</u>	<u>Value (U.S. Dollar)</u>
Australian Dollar	\$ 35
Brazilian Real	555
British Sterling Pound	506
Canadian Dollar	1,587
Euro	22
Japanese Yen	1,930
Mexican Peso	476
New Zealand Dollar	52
Singapore Dollar	585
Thailand Baht	198
Total	<u>\$ 5,946</u>

(3) Due to Contractual Agencies

Due to contractual agencies represents amounts payable to the State Medicaid Program (Medicaid) and the Federal Medicare Program (Medicare). As of June 30, 2005, \$5,301 was the net amount due from Medicaid and \$12,409 was the net amount due to Medicare. As of June 30, 2004, \$1,685 was the net amount due from Medicaid and \$8,183 was the net amount due to Medicare.

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

(4) Capital Assets

The following is a summary of capital assets for the fiscal years ended June 30, 2005 and 2004:

	Balance June 30, 2004	Increases	Decreases	Balance June 30, 2005
Capital assets not depreciated:				
Land	\$ 49,041	5	—	49,046
Construction in progress	105,766	153,072	(28,804)	230,034
Total capital assets not depreciated	154,807	153,077	(28,804)	279,080
Other capital assets:				
Buildings and other improvements	735,846	25,947	(1,387)	760,406
Equipment	388,098	48,745	(21,484)	415,359
Total other capital assets	1,123,944	74,692	(22,871)	1,175,765
Less accumulated depreciation:				
Buildings and other improvements	(265,774)	(26,110)	839	(291,045)
Equipment	(248,151)	(39,574)	16,219	(271,506)
Total accumulated depreciation	(513,925)	(65,684)	17,058	(562,551)
Other capital assets, net	610,019	9,008	(5,813)	613,214
Total capital assets, net	\$ 764,826	162,085	(34,617)	892,294

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

	Balance June 30, 2003	Increases	Decreases	Balance June 30, 2004
Capital assets not depreciated:				
Land	\$ 15,364	33,677	—	49,041
Construction in progress	29,977	88,150	(12,361)	105,766
Total capital assets not depreciated	45,341	121,827	(12,361)	154,807
Other capital assets:				
Buildings and other improvements	724,574	11,298	(26)	735,846
Equipment	367,043	33,876	(12,821)	388,098
Total other capital assets	1,091,617	45,174	(12,847)	1,123,944
Less accumulated depreciation:				
Buildings and other improvements	(240,300)	(25,479)	5	(265,774)
Equipment	(214,985)	(38,404)	5,238	(248,151)
Total accumulated depreciation	(455,285)	(63,883)	5,243	(513,925)
Other capital assets, net	636,332	(18,709)	(7,604)	610,019
Total capital assets, net	\$ 681,673	103,118	(19,965)	764,826

(5) Compensated Absences Payable

Vacation pay for classified employees is earned at 8 to 19 hours per month, depending on the length of service, with a maximum accrual of 300 hours per employee. Vacation pay for unclassified employees is earned at 14.67 hours per month, with a maximum accrual of 256 hours and a maximum payment upon separation of 250 hours.

Sick leave is recorded as an expenditure when paid. Sick leave for employees is earned at the rate of 8 hours per month with no restrictions on maximum hours accrued. No liability exists for terminated employees.

(6) Retirement Plans

Various pension plans are available for all qualified employees. Most employees participate in the State of Oregon Public Employees Retirement System (PERS) which includes a defined benefit plan (PERS/IAP) and a defined contribution plan (OPSRP). All qualified employees hired subsequent to August 29, 2003 who elect PERS benefits are enrolled in the OPSRP. PERS, a multi-employer retirement plan, is administered by the Public Employees Retirement Board (Retirement Board) under the guidelines of Oregon Revised Statutes.

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

OHSU's total payroll, excluding fringe benefits, for the years ended June 30, 2005 and 2004 was \$511,154 and \$459,725, respectively. Payroll applicable for employees covered by PERS for the years ended June 30, 2005 and 2004 was \$283,749 and \$271,538, respectively. PERS collects contributions from both employers and employees for the purpose of funding retirement benefits. Beginning July 1, 1979, the employees' contribution for both plans under PERS has been assumed and paid by OHSU at the 6% rate set by law. The employer contribution rate is established by the Retirement Board based upon actuarial valuations which are performed once every two years to determine the level of employer contributions. The employer contribution rates for the PERS/IAP were 3.3% and 3.3% for 2005 and 2004, respectively. The employer contribution rate for the OPSRP was 8.0% for 2005 and 2004.

The State of Oregon PERS issues a publicly available financial report that includes financial statements and required supplementary information, including 10-year historical trend information showing the accumulation of sufficient assets to pay benefits when due. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 73, Portland, Oregon 97207-0073.

A PERS participant is considered vested and eligible for retirement benefits if he or she has had a contribution in each of 5 calendar years or has reached at least 50 years of age for PERS/IAP and age 65 for OPSRP, before ceasing employment. Eligible members can retire with unreduced benefits at any age for PERS/IAP and age 58 for OPSRP with 30 or more years of creditable service. Employees may retire after reaching age 55. Benefits for employees with less than 30 years of service are reduced if retirement occurs prior to age 58 for PERS tier one and age 60 for PERS tier two and age 65 for OPSRP.

Effective July 1, 1996, OHSU established the University Pension Plan (UPP). The UPP is a defined contribution plan which is available to employees as an alternative to PERS. Employees become fully vested in employer contributions over a four-year period. Contribution levels are determined by the board of directors of OHSU. Employer contributions to the plan are 6% of salary and employee contributions are an additional 6%. Currently, OHSU is funding employee contributions per the labor union contracts.

	2005	2004
PERS:		
Employer contribution	\$ 10,497	8,852
Employee contribution (1)	17,626	16,292
	\$ 28,123	25,144
UPP:		
Employer contribution	\$ 8,360	7,546
Employee contribution (1)	8,360	7,546
	\$ 16,720	15,092

(1) Of the employees' share, the employer paid \$25,986 and \$23,838 of PERS and UPP in 2005 and 2004, respectively.

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

The Foundations have defined contribution plans for substantially all employees. The plans are funded through the purchase of a group annuity contract with an insurance company in a discretionary amount equal to 12% of eligible compensation. Contributions are fully vested after five years. The Foundations contributed \$431 and \$434 for the purchase of retirement annuities during the years ended June 30, 2005 and 2004, respectively.

(7) Long-Term Debt, Bonds and Capital Leases

(a) *Debt Service Payment Agreement (DSPA)*

In connection with OHSU becoming an independent public corporation, OHSU entered into a DSPA dated July 1, 1995 with OUS. The terms of the DSPA call for OHSU to pay to OUS the debt service costs for debt issued prior to July 1, 1995 for which OHSU received the proceeds. The 1995 Act, which established OHSU as an independent public corporation, required that OUS and OHSU establish, in a written agreement, the responsibility of OHSU for the payment to OUS of amounts sufficient to pay when due all principal, interest, and any other charges on bonds, certificates of participation, financing agreements, or other agreements for the borrowing of money issued prior to the effective date of the 1995 Act for equipment or projects for OHSU. Payment under the terms of the DSPA by OHSU represents full satisfaction of any legal obligation related to such outstanding indebtedness.

(b) *Bonds Payable*

During fiscal year 1996, OHSU issued Insured Revenue Bonds Series A and B (1995 Revenue Bonds) for the purpose of construction and rehabilitation of facilities, the acquisition of equipment, to refund a portion of the DSPA, and to fund a debt service reserve account and to pay certain costs of issuance of the 1995 Revenue Bonds. The 1995 Revenue Bonds mature beginning July 1, 1996 through July 1, 2028 and require semi-annual interest payments at 3.60% to 5.75%. The 1995 Revenue Bonds are limited obligations of OHSU and are secured by OHSU's gross revenue. Pursuant to the Oregon Uniform Revenue Bond Act, the 1995 Revenue Bonds are not general obligations of OHSU and are payable solely from the revenue pledged.

During fiscal year 1999, OHSU issued Insured Revenue Bonds Series A and B (1998 Revenue Bonds) for the purpose of construction and rehabilitation of facilities, the acquisition of equipment, to fund a debt service reserve account and to pay certain costs of the issuance of the bonds. The 1998 Series A Revenue Bonds mature beginning July 1, 2001 through July 1, 2020 and the Series B Revenue Bonds mature beginning July 1, 2020 through July 1, 2029, and require interest payments every 35 days. The interest rate is variable and is adjusted every 35 days. The rate was 2.45% and 1.25% at June 30, 2005 and 2004, respectively. The 1998 Revenue Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. Pursuant to the Oregon Uniform Revenue Bond Act, the 1998 Revenue Bonds are not general obligations of OHSU and are payable solely from revenue pledged.

During fiscal year 2003, OHSU issued Insured Revenue Bonds Series A and B (2002 Revenue Bonds) for the purpose of construction and rehabilitation of facilities, the acquisition of equipment, to fund the debt service reserve account and to pay certain costs of issuance of the 2002 Revenue

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

Bonds. The 2002 Series A Revenue Bonds mature beginning July 1, 2007 through July 1, 2032, and require semi-annual interest payments at 3.00% to 5.00%. The 2002 Series B Revenue Bonds mature on July 1, 2032 and require interest payments every 35 days. The variable interest rate is adjusted every 35 days and was 2.60% and 1.23% at June 30, 2005 and 2004, respectively. Both the Series A and the Series B Revenue Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. Pursuant to the Oregon Uniform Revenue Bond Act, the 2002 Revenue Bonds are not general obligations of OHSU and are payable solely from revenue pledged.

Under the terms of the 1995, 1998, and 2002 Revenue Bonds, OHSU is required to maintain funds held by a trustee for reserve requirements in amounts sufficient to pay specified principal and interest payments. The indenture and other loan agreements contain, among other things, provisions placing restrictions on additional borrowings and leases and require the maintenance of a debt service coverage ratio of a minimum of 1.50.

In calendar year 1988, OGI and the City of Hillsboro, Oregon (the City) entered into an agreement whereby the City issued \$4,350 of City of Hillsboro, Oregon, Variable Rate Demand Revenue Bonds (1988 Bonds). The proceeds were used by OGI to finance construction of educational facilities and certain other previous capital expenditures. The 1988 Bonds were scheduled to mature on June 1, 2009 but were redeemed in August of 2004.

In calendar year 1992, the City issued \$18,600 of City of Hillsboro, Oregon, Variable Rate Higher Education Revenue Bonds (1992 Bonds). The proceeds were used to construct and renovate buildings and make other site improvements on OGI's campus. The 1992 Bonds were scheduled to mature on August 1, 2011 but were redeemed in August of 2004.

Long-term debt and capital leases at June 30, 2005 and 2004 are as follows:

	2005	2004
Debt service payment agreement	\$ 41,935	46,628
Bonds Payable, Revenue Bonds, Series 2002	249,729	249,717
Bonds Payable, Revenue Bonds, Series 1995 A & B	193,824	194,377
Bonds Payable, Revenue Bonds, Series 1998 A & B	100,100	101,900
Bonds Payable, Revenue Bonds, Series 1988	—	2,600
Bonds Payable, Revenue Bonds, Series 1992	—	7,300
Capital leases	4,150	4,693
Less current portion of debt and capital leases	(10,395)	(11,486)
	\$ 579,343	595,729

Amounts due under the DSPA, the 1995 Revenue Bonds and the 2002 Revenue Bonds, which are included in long-term debt, bonds in the accompanying financial statements and are shown net of unamortized discounts of \$3,337 and \$3,535 as of June 30, 2005 and 2004, respectively, include accreted interest of \$31,429 and \$29,267 as of June 30, 2005 and 2004, respectively.

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

Scheduled principal and interest repayments under the DSPA and the various revenue bond obligations are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2006	\$ 9,793	24,435	34,228
2007	9,810	24,127	33,937
2008	11,323	23,740	35,063
2009	11,535	24,125	35,660
2010	11,934	24,020	35,954
2011-2015	69,252	111,658	180,910
2016-2020	69,187	124,697	193,884
2021-2025	102,373	90,425	192,798
2026-2030	152,230	43,191	195,421
2031-2033	110,059	7,958	118,017
	<u>\$ 557,496</u>	<u>498,376</u>	<u>1,055,872</u>

The cost of obtaining debt is deferred and amortized over the term of the related debt using the effective interest method.

(c) **Capital Leases**

OHSU has entered into agreements for the lease of certain equipment, property, and improvements. Future minimum lease payments under these agreements are as follows:

Year ending June 30:	
2006	\$ 999
2007	999
2008	999
2009	999
2010	949
2011-2012	497
	<u>5,442</u>
Less amount representing interest	<u>(1,292)</u>
	4,150
Less current portion	<u>(602)</u>
	<u>\$ 3,548</u>

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

(d) Changes in Noncurrent Liabilities

Changes in OHSU's total noncurrent liabilities during the fiscal years ended June 30, 2005 and 2004 are summarized below:

	Balance June 30, 2004	Increases	Decreases	Balance June 30, 2005
Liability for self-funded insurance programs	\$ 25,414	8,602	(4,408)	29,608
Long-term debt, bonds	591,579	—	(15,784)	575,795
Long-term capital leases	4,150	—	(602)	3,548
Other noncurrent liabilities	—	716	—	716
	<u>\$ 621,143</u>	<u>9,318</u>	<u>(20,794)</u>	<u>609,667</u>
	Balance June 30, 2003	Increases	Decreases	Balance June 30, 2004
Liability for self-funded insurance programs	\$ 22,640	7,019	(4,245)	25,414
Long-term debt, bonds	610,702	—	(19,123)	591,579
Long-term capital leases	4,704	—	(554)	4,150
	<u>\$ 638,046</u>	<u>7,019</u>	<u>(23,922)</u>	<u>621,143</u>

(8) Line of Credit

On May 1, 2005, OHSU amended its \$25,000 revolving credit agreement with Wells Fargo Bank to extend the maturity date to May 1, 2006. The credit agreement includes a subfeature that allows OHSU to issue individual letters of credit for up to \$5,000. Borrowings can be made using various interest rate options based upon LIBOR or the bank's prime rate. Interest rates for a borrowing using the taxable prime rate option were 4.75% and 2.75% at June 30, 2005 and 2004, respectively. Under the agreement, interest is payable monthly and the agreement may be renewed annually. Issued and outstanding letters of credit totaled \$750 and the unused amount available under the credit agreement was \$24,250 at June 30, 2005. The line of credit has no borrowings outstanding at June 30, 2005 and 2004.

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

(9) Life Income Fund – Annuities

Assets contributed as life income agreements are recorded at their fair value. The present value of estimated future payments to beneficiaries of annuity agreements is recorded as a liability. The present values of these estimated payments were determined on the basis of published actuarial factors for the ages of the respective annuity beneficiaries. Differences between the assets contributed and the expected payments to be made to beneficiaries have been recorded as donations in the year established.

Life income contributions, included in gifts, grants, and contracts in the accompanying statements of revenues, expenses, and changes in net assets are as follows for the fiscal years ended June 30, 2005 and 2004:

	2005			2004		
	Agreements	Contributions	Liability	Agreements	Contributions	Liability
Charitable remainder unitrusts	10	\$ 2,199	1,564	6	\$ 2,218	—
Charitable gift annuities	29	2,005	854	32	1,230	380
Life estate agreements	4	327	—	1	204	—
Totals	<u>43</u>	<u>\$ 4,531</u>	<u>2,418</u>	<u>39</u>	<u>\$ 3,652</u>	<u>380</u>

The assets and corresponding liabilities related to life income financial instruments are included in long-term investments and the annuity payment liability in the accompanying statements of financial position. Total life income financial instruments held at June 30, 2005 and 2004 are as follows:

	2005			2004		
	Agreements	Assets	Liability	Agreements	Assets	Liability
Charitable remainder unitrusts	78	\$ 17,359	11,810	73	\$ 16,007	—
Charitable gift annuity trusts	13	3,394	2,013	13	3,489	2,206
Charitable gift annuities	172	7,979	5,883	151	5,197	3,812
Life estate agreements	9	1,508	—	5	1,181	—
Pooled income accounts	5	49	—	3	49	—
Totals	<u>277</u>	<u>\$ 30,289</u>	<u>19,706</u>	<u>245</u>	<u>\$ 25,923</u>	<u>6,018</u>

Nineteen of the 277 life income agreements have been reinsured with insurance carriers in order to reduce liability exposure. Under the reinsurance contracts, the future beneficiary payments are paid by the insurance carrier.

(10) Funds Held in Trust by Others (Unaudited)

Funds held in trust by others, for which OSU, is an income beneficiary, are not recorded in the financial statements. The approximate fair market value of such trusts was \$8,007 and \$7,808 on June 30, 2005 and 2004, respectively.

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

The Foundations are the named beneficiaries of fifteen trusts held by outside trustees. The reported fair market value of trust assets held by others was \$18,200 and \$16,042 as of June 30, 2005 and 2004, respectively. The Foundations record contributions as trust distributions occur. Trust distributions of \$800 and \$399 were recorded as contributions during the fiscal years ended June 30, 2005 and 2004, respectively.

(11) Fair Value of Financial Instruments

The estimated fair value of certain financial instruments is reflected in the accompanying statements of financial position in the following manner. The carrying amount of cash and cash equivalents, accounts payable, and accrued expenses and payable to contractual agencies approximates fair value of these financial instruments. Fair values of investments are based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Short-term investments and funds held by trustee consist primarily of cash, short-term investments, and interest receivable for all of which carrying value approximates fair value.

The fair value of long-term debt, bonds is shown below. It is estimated using interest rates as of June 30, 2005 and 2004 that OHSU would receive on essentially risk-free assets sufficient to extinguish the obligation as an in-substance defeasance of debt.

	2005		2004	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt, bonds	\$ 585,588	581,421	602,522	598,624

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

(12) Pledges and Estates Receivables

The Foundations had the following pledges and estates receivable as of June 30, 2005 and 2004:

	2005	2004
Pledges maturing within 1 year	\$ 5,837	7,868
Pledges maturing within 2-11 years	13,630	15,061
	19,467	22,929
Less allowance for uncollectible pledges	(973)	(1,147)
	18,494	21,782
Less discount for net present value	(1,525)	(1,427)
Total net pledges receivable	16,969	20,355
Estates receivable	1,306	3,484
Less allowance for uncollectible estates	(65)	(174)
Total net estates receivable	1,241	3,310
Total pledges and estates receivable	\$ 18,210	23,665

(13) Commitments and Contingencies

(a) *Liability for Self-Funded Insurance Programs*

OHSU is self-insured for various risks of loss related to torts (including malpractice); theft, damage, and destruction of assets; errors and omissions; and injuries to employees through a wholly owned captive insurance company. Insurance coverage in excess of self-insured levels is carried through outside excess commercial insurers and re-insurers. Self-insured professional and general liability retention in both 2005 and 2004 were \$1,000,000 per occurrence and the aggregate limit was \$8,500,000 in 2005 and 2004. OHSU has contracted with independent actuaries to estimate the ultimate costs of settlement related to these claims. The liability for self-funded insurance programs have been recorded at the actuarially determined 75% confidence level and have been discounted at 5% in 2005 and 2004 and, in management's opinion, provide an adequate reserve for loss contingencies.

(b) *Unemployment Compensation*

Unemployment compensation claims are administered by the Oregon Employment Division pursuant to Oregon Revised Statutes. Actual benefits paid by OHSU are reimbursed to the State's Unemployment Compensation Trust Fund. Each year resources are budgeted to pay current charges. The amount of future benefits payments to claimants and the resulting liability to OHSU have been reflected as accrued salaries, wages, and benefits in the accompanying statements of financial position.

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

(c) Labor Organizations

Approximately 14% of OHSU's employees are nurses represented by the Oregon Nurses Association (ONA). Approximately 37% of OHSU's employees are represented by the American Federation of State, County, and Municipal Employees (AFSCME), for total of 51% of OHSU's employees being represented by labor organizations. OHSU's contract with ONA expires on September 30, 2007 and the current contract with AFSCME expires on June 30, 2009.

(d) Construction Contracts

OHSU had outstanding commitments on unexpended construction contracts totaling approximately \$78,764 and \$120,008 at June 30, 2005 and 2004, respectively. These commitments will be primarily funded from gifts, grants, funds held by trustee and other investment accounts.

(e) Legal Proceedings

The health care industry and academic medical centers are subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not limited to, laws and regulations related to licensure, accreditation, government health program participation, reimbursement for patients services, Medicare and Medicaid fraud and abuse; and laws and regulations governing the conduct of federally funded research, research involving human and animal subjects, and other facets of research. Government monitoring and enforcement activity continues with respect to possible violations of fraud and abuse laws and regulations, and other laws and regulations applicable to health care providers and health care institutions, including academic medical centers. Violations of these laws and regulations could result in expulsion from government health care programs, together with the imposition of significant fines and penalties and repayments for patient services previously billed. Management believes OHSU is in compliance with applicable fraud and abuse laws and regulations, as well as other applicable government laws and regulations. OHSU's compliance with the referenced laws and regulations may be subject to current or future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

OHSU is involved in litigation and is periodically the subject of regulatory inquiries in the normal course of its business. In past years, OHSU was subject to several federal health care audits as a part of national initiatives targeting large numbers of hospitals and academic medical centers, and was the subject of government issued subpoenas and post payment reviews concerning specific OHSU billing practices. OHSU responded to these audits, subpoenas and reviews, and these matters were resolved without material adverse effect on OHSU's financial position or results of operations.

(f) Operating Leases

Leases that do not meet the criteria for capitalization are classified as operating leases, with the related rentals charged to operations as incurred.

OREGON HEALTH & SCIENCE UNIVERSITY

Notes to Financial Statements

June 30, 2005 and 2004

(amounts in thousands)

Rental expenses under operating leases were approximately \$11,146 and \$10,350 in 2005 and 2004, respectively. The following is a schedule of future minimum rental commitments under operating leases as of June 30, 2005, that have initial or remaining lease terms in excess of one year.

Year ending June 30:	
2006	\$ 9,866
2007	14,025
2008	12,154
2009	11,584
2010	10,353
2011-2015	35,838
2016-2020	21,429
2021-2025	3,709
	<hr/>
	\$ 118,958
	<hr/> <hr/>

(14) Oregon Opportunity Grant

During fiscal 2003, the Oregon State Legislature approved the Oregon Opportunity Act, which authorized the State to provide \$200,000 to OHSU by issuing general obligation bonds. The State and OHSU executed a grant agreement whereby the proceeds of this bond offering would be conveyed to OHSU to be used for qualifying capital and noncapital expenditures under the Oregon Opportunity program.

OHSU received the disbursements of Oregon Opportunity grant funds in the amount of approximately \$104,220 and \$93,650 during the fiscal years ended June 30, 2004 and 2003, respectively. OHSU has recognized approximately \$144,017 of revenue, expenses, and changes in net assets in accordance with GASB 33 to date through June 30, 2005. OHSU has recorded \$67,679 and \$38,900 of gifts, grants, and contracts in the accompanying statements of revenue, expenses, and changes in net assets for the fiscal years ended June 30, 2005 and 2004, respectively. The remaining unexpended grant proceeds, including investment income of approximately \$55,769 and \$123,379 have been recorded as deferred revenue in the statement of financial position as of June 30, 2005 and 2004, respectively, until such time as qualifying expenditures have been incurred.

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OMB Circular A-133
EIN No. 93-1176109

Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

Catalog of federal domestic assistance number	Federal grantor	Program title	Expenditures
Research and Development Awards:			
Direct Federal Awards:			
11.455	Department of Commerce	Ocean Survival of Salmonids Relative to Migrational Timing, Fish Health, Predation, and Ocean Conditions in the Columbia River	\$ 35,269
11.473	Department of Commerce	A Pilot Coastal Ocean Observatory for the Estuaries and Shores of Oregon and Washington	177,409
		National Oceanic and Atmospheric Administration total	212,678
11.xxx	Department of Commerce	Commerce Programs	780,029
	Department of Commerce total		992,707
12.107	Department of Defense	Monitoring in the Lower Columbia River for the Channel Improvement Project	83,255
12.420	Department of Defense	Military Medical Research & Development	1,797,848
		Department of Army total	1,881,103
12.300	Department of Defense	Interoperable Multi-Modal Interaction and Display System	8,078
		Department of Navy total	8,078
12.xxx	Department of Defense	Department of Defense	1,134,790
	Department of Defense total		3,023,971
15.608	Department of the Interior	CORIE: Multipurpose Scientific Infrastructure for the Columbia River Estuary (On-campus)	136,563
15.808	Department of the Interior	Water Quality Research for the National Water Quality Assessment Program	648,576
15.xxx	Department of the Interior	Multisorbent Air Sampling	280
	Department of the Interior total		785,419
43.xxx	National Aeronautics and Space Administration	Aerospace Education Services Program	109,328
	National Aeronautics and Space Administration total		109,328
47.041	National Science Foundation	Engineering Grants	123,548
47.050	National Science Foundation	Collaborative Research: Productivity, Biogeochemical Transformations and Cross-margin Transport in an Eastern Boundary Buoyant Plume Region	201,821
47.070	National Science Foundation	Computer and Information Science and Engineering	2,805,164
47.074	National Science Foundation	Biological Sciences	443,959
47.076	National Science Foundation	Graduate Research Fellowships	121,727
	National Science Foundation total		3,696,219
64.xxx	Department of Veteran's Affairs	Veteran's Affairs Programs	869,516
	Department of Veteran's Affairs total		869,516
66.500	Environmental Protection Agency	FDP- Phototransformation of Contaminants at the Sediment Water Interface	65,618
66.606	Environmental Protection Agency	CORMIX Mixing Zone Model Technical Support and Workshop Instruction	102,423
	Environmental Protection Agency total		168,041

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OMB Circular A-133
EIN No. 93-1176109

Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

Catalog of federal domestic assistance number	Federal grantor	Program title	Expenditures
81.049	Department of Energy	Office of Science Financial Assistance Program	\$ 297,819
	Department of Energy total		297,819
84.116	Department of Education	Nanobiosensors for Human and Environmental Health	20,760
84.133	Department of Education	National Institute on Disability and Rehabilitation Research	873,044
84.324	Department of Education	Special Education Research and Innovation to Improve Services and Results for Children with Disabilities	246,245
	Department of Education total		1,140,049
93.061	Department of Health and Human Services	High Impact Interventions for Employees Health Promotion	165,160
93.135	Department of Health and Human Services	Center for Healthy Native Communities	181,344
93.136	Department of Health and Human Services	Injury Prevention and Control Research and State and Community Based Programs	216,080
93.184	Department of Health and Human Services	Oregon Follow-Up to Newborn Screening (OFUN)	39,008
93.262	Department of Health and Human Services	Geographic Variation in Spine Care Among Injured Workers	95,740
93.941	Department of Health and Human Services	Acousto-optical Elastography for Imaging Skin Cancers	29,439
	Centers for Disease Control and Prevention total		726,771
93.113	Department of Health and Human Services	Biological Response to Environmental Health Hazards	4,481,243
93.115	Department of Health and Human Services	Reducing Pesticide Exposure in Minority Families	239
93.121	Department of Health and Human Services	Oral Diseases and Disorders Research	1,597,862
93.172	Department of Health and Human Services	Family Disclosure of Cancer Risk: An Ethnographic Study	1,730
93.173	Department of Health and Human Services	Research Related to Deafness and Communication Disorders	7,208,095
93.213	Department of Health and Human Services	Research & Training in Complementary and Alternative Medicine	1,563,034
93.233	Department of Health and Human Services	Outcomes of Sleep Disorders in Older Men - Portland	417,946
93.242	Department of Health and Human Services	Mental Health Research Grants	5,779,078
93.272	Department of Health and Human Services	Alcohol National Research Service Awards for Research Training	484,505
93.273	Department of Health and Human Services	Alcohol Research Programs	3,892,162
93.279	Department of Health and Human Services	Drug Abuse Research Programs	5,965,640
93.281	Department of Health and Human Services	Mental Health Research Career/Scientist Development Awards	269,837
93.282	Department of Health and Human Services	Mental Health National Research Service Awards for Research Training	119,558
93.286	Department of Health and Human Services	Discovery and Applied Research for Technological Innovations to Improve Human Health	611,888
93.287	Department of Health and Human Services	Rapid Identification of Secreted Antigens of Francisell	16,828
93.333	Department of Health and Human Services	General Clinical Research Center	19,523
93.361	Department of Health and Human Services	Nursing Research	2,416,000
93.389	Department of Health and Human Services	National Center for Research Resources	22,914,523
93.393	Department of Health and Human Services	Cancer Cause and Prevention Research	4,249,585
93.394	Department of Health and Human Services	Exercise CHOICE to Prevent Cancer in Rural Adults	24,964
93.395	Department of Health and Human Services	Cancer Treatment Research	837,904
93.396	Department of Health and Human Services	Cancer Biology Research	2,724,260
93.397	Department of Health and Human Services	Cancer Centers Support Grants	1,319,478
93.398	Department of Health and Human Services	Cancer Research Manpower	972,013
93.399	Department of Health and Human Services	Cancer Control	88,046

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OMB Circular A-133
EIN No. 93-1176109

Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

Catalog of federal domestic assistance number	Federal grantor	Program title	Expenditures
93.837	Department of Health and Human Services	Heart and Vascular Diseases Research	\$ 8,875,000
93.838	Department of Health and Human Services	Lung Diseases Research	1,875,574
93.839	Department of Health and Human Services	Blood Diseases and Resources Research	2,560,664
93.846	Department of Health and Human Services	Arthritis, Musculoskeletal and Skin Diseases Research	1,556,180
93.847	Department of Health and Human Services	Diabetes, Endocrinology and Metabolism Research	10,474,253
93.848	Department of Health and Human Services	Digestive Diseases and Nutrition Research	2,799,296
93.849	Department of Health and Human Services	Kidney Diseases, Urology and Hematology Research	1,937,934
93.853	Department of Health and Human Services	Extramural Research Programs in the Neurosciences and Neurological Disorders	17,507,134
93.855	Department of Health and Human Services	Allergy, Immunology and Transplantation Research	2,282,043
93.856	Department of Health and Human Services	Microbiology and Infectious Diseases Research	10,199,851
93.859	Department of Health and Human Services	Biomedical Research and Research Training	6,467,306
93.865	Department of Health and Human Services	Child Health and Human Development Extramural Research	11,227,840
93.866	Department of Health and Human Services	Aging Research	7,418,724
93.867	Department of Health and Human Services	Vision Research	10,534,403
93.879	Department of Health and Human Services	Medical Library Assistance	523,381
93.891	Department of Health and Human Services	Behavioral Genomics of Alcohol Neuroadaptation	1,825,177
93.956	Department of Health and Human Services	Agricultural Health and Safety Programs	166,463
93.989	Department of Health and Human Services	International Research and Research Training	225,372
		National Institutes of Health total	166,432,536
93.048	Department of Health and Human Services	The Healthy Aging Project	13,567
93.206	Department of Health and Human Services	Determining the Prevalence of Multiple Sclerosis and Amyotrophic Lateral Sclerosis in Communities Living Around Hazardous Waste Sites	123,194
93.225	Department of Health and Human Services	National Research Service Awards Health Services Research Training	163,041
93.226	Department of Health and Human Services	Research on Healthcare Costs, Quality and Outcomes	296,608
93.230	Department of Health and Human Services	Consolidated Knowledge Development & Application Program	279,498
93.243	Department of Health and Human Services	Substance Abuse and Mental Health Services_Projects of Regional and National Significance	395
93.358	Department of Health and Human Services	Advanced Education Nursing Traineeships	89,603
93.822	Department of Health and Human Services	OHSU Comprehensive Health Careers Opportunity Program	68,514
93.884	Department of Health and Human Services	Grants for Training in Primary Care Medicine and Dentistry	308,281
93.xxx	Department of Health and Human Services	Department of Health and Human Services Programs	2,261,485
		Other DHHS Research and Development Awards total	3,604,186
	Department of Health and Human Services total		170,763,493
	Total Direct Federal Awards – Research and Development Awards		181,846,562
Pass-Through Federal Awards:			
93.859	Department of Health and Human Services	Novel Drug Delivery Devices to Promote Healing of Chronic Wounds	34,408
		AcryMed, Inc. total	34,408

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93.867	Department of Health and Human Services	RTOG S-0132 – A phase II Trial of Neoadjuvant/Adjuvant STI-571 (Gleevec NSC #716051) for Primary and Recurrent Operable Malignant GIST Expressing the KIT Receptor Tyrosine Kinase (CD117) (ACRIN 6665)	\$ 5,348
		American College of Radiology total	5,348
98.001	U.S. Agency for International Development	AIHA Partnership in Baku, Azerbaijan	16,936
		American International Health Alliance total	16,936
93.226	Department of Health and Human Services	Medication Management: A Closed Computerized Loop	26,471
		Asante Health System total	26,471
93.283	Department of Health and Human Services	Occupational COPD in Kaiser Permanente Northwest	352,739
		Association of American Medical Colleges total	352,739
93.161	Department of Health and Human Services	Mechanism of Unexplained Sudden Cardiac Death	225,234
93.283	Department of Health and Human Services	Standardized CBE Curriculum for Medical Students	103,387
		Association of Teachers of Preventive Medicine total	328,621
10.206	Department of Agriculture	Inhibition of Melanocortin Receptors as a Mechanism for Increasing Food Intake in Ruminants	1,896
		Auburn University total	1,896
93.xxx	Department of Health and Human Services	Automated Test of Word Recognition – Phase 1	5,000
		Audiology Incorporated total	5,000
93.839	Department of Health and Human Services	Non-Immunogenic Peptide Anticoagulant	1,303
93.856	Department of Health and Human Services	Regional Flow Measurements in Tumors	13,478
		Barlow Scientific Corp total	14,781
15.xxx	Department of Defense	Fundamental Approaches to Task-Oriented Visualization of Uncertainty	22,553
66.500	Department of Energy	Pharmacokinetics of Dichloroacetate in Humans	26,192
93.xxx	Department of Health and Human Services	RFP: NIH-NIAID-DMID-BAA-03-38: Biodefense Proteomics Research Programs: Identifying Targets for Therapeutic Interventions Using Proteomic Technology	165,228
		Battelle Memorial Institute total	213,973
93.396	Department of Health and Human Services	Inducible Mouse Models for Skin and Head and Neck	31,299
93.846	Department of Health and Human Services	Molecular Mechanism of Skin & Appendage Development: Project 4	150,921
		Baylor College of Medicine total	182,220
93.273	Department of Health and Human Services	Randomized Sanctions to Reduce Drunk Driving Recidivism	189,930
		Behavioral Health Research Center of the Southwest total	189,930

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93.847	Department of Health and Human Services	Characterization of Engineered Mouse Models of Obesity	\$ 113,111
93.853	Department of Health and Human Services	AIDS-Associated Progressive Multifocal Leukoencephalopathy	48,130
		Beth Israel Deaconess Medical Center total	161,241
47.041	National Science Foundation	STTR Phase I: Small Footprint Speech Synthesis	11,875
		Biospeech, Inc. total	11,875
93.395	Department of Health and Human Services	Clinical Community Oncology Program-Prostate Cancer Prevention Trial	17,223
		Cancer Therapy and Research Foundation of South Texas total	17,223
93.213	Department of Health and Human Services	Clinical Trial of Creatine in ALS	534
		Carolinas Medical Ctr total	534
93.839	Department of Health and Human Services	Blood Diseases and Resources Research	94,924
		Case Western Reserve University total	94,924
93.865	Department of Health and Human Services	Physiologic Testosterone Replacement in Women with Hypopituitarism	108,778
		Charles R. Drew Univ of Medicine & Science total	108,778
84.133	Department of Education	Innovative Dialysis Regeneration Cartridge for Portable Hemodialysis	7,492
		Chemica Technologies, LLC total	7,492
93.849	Department of Health and Human Services	Focal-Segmental Glomerulosclerosis in Young Patients	22,925
93.865	Department of Health and Human Services	AIDS Clinical Trials	114,539
		Children's Hospital and Regional Medical Center total	137,464
93.395	Department of Health and Human Services	Clinical Correlative Studies of Neuroblastoma	7,479
		Childrens Hospital Los Angeles total	7,479
93.849	Department of Health and Human Services	Chronic Renal Insufficiency in NAPRTCS Patients	30,633
		Children's Mercy Hospital total	30,633
93.846	Department of Health and Human Services	Osteoporotic Fractures in Chinese Men, MrOS Hong Kong	24,330
		Chinese University of Hong Kong total	24,330
93.242	Department of Health and Human Services	Interactive Multimedia Informed Consent (MIC) Evaluation: Giving Volunteers Information	3,956
		Circumplex Company total	3,956
93.273	Department of Health and Human Services	Farnesol Analogues as Novel Treatment for Alcoholism	1,349
		Columbia Biotechnologies Corp total	1,349

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93.853	Department of Health and Human Services	Phase III Trial of Minocycline in ALS: I-Clinical Center	\$ 15,926
		Columbia University total	15,926
47.041	National Science Foundation	Neurobiological Applications of Nanobiotechnology	135,380
		Cornell University total	135,380
93.173	Department of Health and Human Services	The Mechanism of Outer Hair Cell Motility	5,689
		Creighton University School of Medicine total	5,689
93.395	Department of Health and Human Services	Mechanisms of ST1571 resistance in Gastrointestinal Stromal Tumors	29,254
		Southwest Oncology Group total	29,254
93.859	Department of Health and Human Services	Functional Analysis of a Model Filamentous Fungus	20,570
		Dartmouth College total	20,570
93.xxx	Department of Health and Human Services	A Comparison of Best Medical Therapy and Deep Brain Stimulation of Subthalamic Nucleus and Globus Pallidus for the Treatment of Parkinson's Disease	152,551
		Department of Veteran Affairs total	152,551
93.173	Department of Health and Human Services	Motion Sensor Array for Vestibular-Deficient Individuals	96,696
		Natl Inst on Deafness & Other Com Disease total	96,696
93.395	Department of Health and Human Services	Research Related to GastroIntestinal Stromal Tumor	14,604
		Duke University Medical Center total	14,604
93.xxx	Department of Health and Human Services	Infant Aphakia Treatment Study	1,903
		Emory University total	1,903
93.xxx	Department of Health and Human Services	Internet-based Tools to Enhance Use of Online Health Resources	44,628
		Evalumetrix, LLC total	44,628
93.394	Department of Health and Human Services	Communication Interventions with Melanoma Families	63,983
93.399	Department of Health and Human Services	Study of Transdermal Estrogen in Androgen-Independent Prostrate Cancer	39,077
		Fred Hutchinson Cancer Research Center total	103,060
93.847	Department of Health and Human Services	Prevention of Type 2 Diabetes in Adolescents	1,225,480
		George Washington University total	1,225,480
47.041	National Science Foundation	Circulating Endothelial Cells	110,649
93.865	Department of Health and Human Services	Neuromechanical Modeling of Postural Responses	52,630
		Georgia Institute of Technology total	163,279

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12.xxx	Department of Defense	Strategic Environmental Research & Development Program--An Improved Understanding of In Situ Chemical Oxidation (CU-1289)	\$ 136,921
		GeoSyntec Consultants total	136,921
93.856	Department of Health and Human Services	Inhibitors of Anthrax Lethal Factor Metalloproteinase	53,812
		Hawaii Biotech, Inc. total	53,812
12.910	Department of Defense	Augmented Cognition: Amplification of Attention for Better Decisions	173,467
		Honeywell International total	173,467
93.846	Department of Health and Human Services	Consortium for Translational Research in Marfan Syndrome	124,269
		Hospital for Special Surgery total	124,269
93.855	Department of Health and Human Services	An Open-Label, Treatment Protocol of T Cell Receptor Peptides (Ir902) For Use in Patients with Multiple Sclerosis	226,642
93.xxx	Department of Health and Human Services	A Randomized Double-Blind Placebo-Controlled Multi-center Study to Evaluate the Efficacy and Safety of Atorvastatin in Patients with Clinically Isolated Syndrome and High Risk of Conversion to Multiple Sclerosis	22,790
		Immune Tolerane Network total	249,432
93.xxx	Department of Health and Human Services	National Children's Study Pilot	103,730
		Indiana University total	103,730
93.865	Department of Health and Human Services	Speech Supplemented Word Prediction Program	30,000
		InvoTek, Inc. total	30,000
11.612	Department of Commerce	Neocartilage Osteochondral Allograft Development	67,894
		ISTO Technologies total	67,894
93.867	Department of Health and Human Services	Vision Research	9,361
		Jaeb Center for Health Research total	9,361
12.420	Department of Defense	Mechanistic Studies Investigating the Role of Organophosphate Exposure in the Development and Exacerbation of Asthma	120,409
93.226	Department of Health and Human Services	HIV Research Network	61,135
93.838	Department of Health and Human Services	Mechanism of Inflammation-Induced Airway Hyperactivity	97,376
93.867	Department of Health and Human Services	Complications of Immunosuppression for Eye Disease	38,219
		Johns Hopkins University total	317,139
93.838	Department of Health and Human Services	Does Shared Decision-Making Improve Asthma Outcomes	112,928
93.849	Department of Health and Human Services	Iron Overload and Hereditary Hemochromatosis Study-Field Center	37,080

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93.865	Department of Health and Human Services	Lifestyle Change to Increase Bone Density in Teen Girls	\$ 23,912
		Kaiser Foundation Hospitals total	173,920
93.213	Department of Health and Human Services	Metabolic Risks of Low and High Carbohydrate Diets	77,428
93.273	Department of Health and Human Services	Alcohol Research Programs	97,371
93.837	Department of Health and Human Services	Adult Asthma Surveillance and Intervention in a Managed Care Setting	8,690
		Kaiser Foundation Hospitals Center for Health Research total	183,489
93.859	Department of Health and Human Services	Predocctoral Fellowship for Jay Sunga	16,588
		Keck Graduate Institute total	16,588
93.853	Department of Health and Human Services	Molecular Mechanisms in Ischemia	644,494
		Legacy Emanuel Hospital and Health Center total	644,494
93.xxx	Department of Health and Human Services	Molecular Mechanisms in Ischemia	8,193
		Legacy Good Samaritan Foundation total	8,193
93.865	Department of Health and Human Services	Child Health and Human Development Extramural Research	225,738
		Massachusetts General Hospital total	225,738
93.859	Department of Health and Human Services	Functional Analysis of a Model Filamentous Fungus	147,041
		Massachusetts Institute of Technology (MIT) total	147,041
12.xxx	Department of Defense	Advanced Integrated Enhanced Vision Systems	179,419
		Max-Viz, Inc. total	179,419
93.394	Department of Health and Human Services	Colorectal Cancer Screening: Fecal Blood vs. DNA	90,710
93.399	Department of Health and Human Services	The American Indian/Alaska Native Initiative on Cancer	2,843
		Mayo Clinic Rochester total	93,553
93.173	Department of Health and Human Services	Myosin I-Beta Disruption and Inner-Ear Structure and Function	124,751
		McLaughlin Research Institute for Biomedical Sciences, Inc. total	124,751
12.xxx	Department of Defense	Determination of the Mechanism for the Plasma Deactivation of Biomaterials	36,633
		Microenergy Technologies total	36,633
93.242	Department of Health and Human Services	Delineation of ADHD Subtypes and Mechanism	7,417
93.286	Department of Health and Human Services	Methods for Modulating Hemato-Vascular Development	57,089
93.849	Department of Health and Human Services	Induction of Hematopoiesis by Bone Morphogenetic Protein	89,247
		Mount Sinai Medical Center total	153,753

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93.135	Department of Health and Human Services	Poder es Salud/Power for Health: Involving Community Members in Health Promotion and Disease Prevention	\$ 23,074
		Multnomah County Community Health Services Division total	23,074
93.xxx	Department of Health and Human Services	Department of Health and Human Services Programs	208,835
		National Jewish Medical and Research Center total	208,835
93.395	Department of Health and Human Services	Cancer Treatment Research	137,967
93.397	Department of Health and Human Services	Children's Oncology Group Chair's Grant	197
		National Childhood Cancer Foundation total	138,164
93.242	Department of Health and Human Services	Generation of Mice with Florescently-labeled Neurons	683
		Neurocrine Biosciences total	683
93.853	Department of Health and Human Services	Neural Stem Cell and Brain Plasticity after Stroke	424
		Northern California Institute for Research and Education total	424
93.933	Department of Health and Human Services	Fostering Research Skills Among American Indian/Alaskan Native Investigators	68,938
		Northwest Portland Area Indian Health Board total	68,938
93.848	Department of Health and Human Services	Environmental Temperature, SNS Development & Obesity	43,334
		Northwestern University total	43,334
93.399	Department of Health and Human Services	Study of Tamoxifen and Raloxifene for the Prevention of Breast Cancer (STAR)	27,543
		NSABP Foundation, Inc. total	27,543
93.262	Department of Health and Human Services	Oregon Fatality Assessment and Control Evaluation (FACE) program in Oregon	138,265
		ODHS Environmental & Occupational Epidemiology total	138,265
84.989A	Department of Education	State Youth Leadership Network	1,718
		ODHS Oregon Disabilities Commission total	1,718
93.361	Department of Health and Human Services	GU Infection Self-Diagnosis for Deployed Military Women	30,776
93.853	Department of Health and Human Services	CREB and Synaptic Reorganization	53,691
		Ohio State University total	84,467
93.283	Department of Health and Human Services	Emergency Department Sentinel Network for Surveillance of Emerging Infections	14,704
		Olive View-UCLA Medical Center total	14,704

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93.213	Department of Health and Human Services	Traditional Chinese Medicine Compared to Hormone Therapy for Endometriosis-Related Pelvic Pain IRB #7547	\$ 50,216
		Oregon College of Oriental Medicine total	50,216
93.283	Department of Health and Human Services	Centers for Disease Control and Prevention Investigations and Technical Assistance	98,814
93.xxx	Department of Health and Human Services	Department of Health and Human Services	165,437
		Oregon Department of Human Services total	264,251
12.420	Department of Defense	Military Medical Research and Development	188,887
		Oregon Medical Laser Center total	188,887
93.389	Department of Health and Human Services	Dangerous Decibels Partnerships in Public Health	89,123
		Oregon Museum of Science and Industry total	89,123
11.417	National Oceanic and Atmospheric Administration	Oregon Sea Grant Institutional Omnibus Plan	66,147
		Oregon State University total	66,147
93.838	Department of Health and Human Services	Does Shared Decision-making Improve Adherence in Asthma	19,307
		Palo Alto Medical Foundation Research Institute total	19,307
81.049	Department of Energy	Office of Science Financial Assistance Program	171,353
93.856	Department of Health and Human Services	Halogenated Xanthenes as Antimalarial Agents	49,495
		Portland State University total	220,848
93.273	Department of Health and Human Services	Wand GS KO Study	18,687
93.947	Department of Health and Human Services	ELISPOT portion of the Quantiferon Study	20,875
		Portland VA Research and Education Foundation total	39,562
93.173	Department of Health and Human Services	Development Studies of the Inner Ear	43,332
		Purdue University total	43,332
93.849	Department of Health and Human Services	A Randomized, Controlled Trial of Homocysteine (FAVORIT)	31,492
		Rhode Island Hospital total	31,492
93.279	Department of Health and Human Services	Impact of Financing on Outcomes of Methadone Maintenance	102,398
		RMC Research Corporation total	102,398
93.233	Department of Health and Human Services	Gene Regulation and Synaptic Plasticity in Sleep	146,275
		Rockefeller University total	146,275

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93.121	Department of Health and Human Services	Periodontal Intervention for Cardiac Events: Pilot Trial	\$ 42,160
		Research Foundation of State University of New York total	42,160
93.xxx	Department of Health and Human Services	NCL_Sponsored Multi-disciplinary Study for the Initial Timing of MR Imaging of Intravenous Superparamagnetic Crystalline Particle Ferumoxytol in Primary High-grade Brain Tumors and/or Cerevral Metastases from Lung or Breast Cancer	215,121
		SAIC – Frederic, Inc. total	215,121
93.xxx	Department of Health and Human Services	Using IT to Improve Medication Safety for Rural Elders	1,547
		Samaritan North Lincoln Hosp	1,547
93.273	Department of Health and Human Services	Excessive Drinking During Dark Circadian Phase	60,850
		Scripps Research Institute total	60,850
93.395	Department of Health and Human Services	Southwest Oncology Group (SWOG) 04018	46,345
93.399	Department of Health and Human Services	S0000: Selenium and Vitamin E Cancer Prevention Trial (SELECT)	59,212
		Southwest Oncology Group total	105,557
12.910	Department of Defense	Multimodal Interaction and Dialogue with an Enduring Personal Assistant	1,121,123
		SRI International total	1,121,123
96.007	Social Security Administration	Pathways to Independence	18,904
		State of Wisconsin, Department of Health and Family Services total	18,904
93.121	Department of Health and Human Services	Evaluation of Mercury Release from Dental Amalgams	104,609
93.273	Department of Health and Human Services	Neuroendocrine Effects of Alcohol on Puberty	4,216
		Texas A & M University System total	108,825
93.173	Department of Health and Human Services	Determinants of Surgical Outcomes in Chronic Sinusitis	31,972
		The Medical College of Wisconsin, Inc. total	31,972
93.849	Department of Health and Human Services	Renal transplantation, Homocysteine Lowering & Cognition	2,321
		Tufts University total	2,321
81.104	Department of Energy	Development of a Bioenvironmental Monitor: Integration of Biota Exposure to Contaminants	7,133
		Tulane University Medical Center total	7,133
81.xxx	Department of Energy	Energy Programs	164,108
		U.S. Dept of Energy total	164,108

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93.866	Department of Health and Human Services	Aging Research	\$ 38,584
		UCSD, Alzheimer's Disease Cooperative Study total	38,584
93.279	Department of Health and Human Services	Gene Array Analysis of Opioid System Mutant Mice	124,691
93.853	Department of Health and Human Services	Carotid Revascularization Endarterectomy vs. Stent Trial (CREST)	53,677
		UMD New Jersey total	178,368
93.xxx	Department of Health and Human Services	Strategies to Reduce Transmission of Antimicrobial Resistant Bacteria in Intensive Care Units	10,086
		University of Alabama at Birmingham total	10,086
43.xxx	National Aeronautics and Space Administration	Comparative Analysis of Fe Ion-induced Autosomal Mutations in Murine Tissues and Cell Lines	152,480
		University of California, Berkeley total	152,480
93.853	Department of Health and Human Services	Early Randomized Surgical Epilepsy Trial	77,312
		University of California, Los Angeles total	77,312
93.242	Department of Health and Human Services	Startle Gating and Locomotion in D2-Family Knockout Mice	76,400
93.847	Department of Health and Human Services	Regulation by AKAP Signaling Complexes	211,288
93.866	Department of Health and Human Services	Aging Research	214,629
		University of California, San Diego total	502,317
12.420	Department of Defense	Effects of low level radiation on neurogenesis and cognitive function: Mechanisms and prevention	11,420
93.121	Department of Health and Human Services	Mentored Clinical Scientist Development Program in Dental, Craniofacial and Oral Health Research	124,741
93.853	Department of Health and Human Services	Trauma to Developing Brain-oxidative Events and Recovery	45,339
		University of California, San Francisco total	181,500
93.853	Department of Health and Human Services	Interventional Management of Stroke (IMS) Study	10,440
		University of Cincinnati total	10,440
47.070	National Science Foundation	Creating the Next Generation of Intelligent Animated Conversational Agents	70,797
		University of Colorado, Boulder total	70,797
93.865	Department of Health and Human Services	Genetic Biochemical Disorders in Mental Retardation (Project 2: Molecular Biology of ATM1, A Putative Mitochondrial Iron Transporter	167,579
		University of Colorado Health Sciences Center total	167,579

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66.509	Environmental Protection Agency	Systems Biology Modeling of Fathead Minnow Response to Endocrine Disrupters	\$ 34,487
93.867	Department of Health and Human Services	Retinal Gene Delivery by Adeno-Associated Virus	52,153
		University of Florida total	86,640
93.856	Department of Health and Human Services	Viral Infection in Lactobacilli: An Animal BV Model	22,039
		University of Illinois total	22,039
84.133	Department of Education	Making a Life: Self-Determination and Transition Outcomes for At-Risk Youth in Foster Care	9,132
		University of Kansas Center for Research, Inc. total	9,132
47.074	National Science Foundation	Comparative Genomics of Telomeres in Pathogenic, Symbiotic and Soprophytic Fungi	18,896
		University of Kentucky total	18,896
93.837	Department of Health and Human Services	Myocardial Perfusion, Coronary Calcium, and Risk Factors	44,842
93.839	Department of Health and Human Services	Mesenchymal Stem Cell Therapy	16,756
93.846	Department of Health and Human Services	SPRINT: Study to Prospectively Evaluate Reamed Intramedullary Nails in Tibial Shaff Fractures	34,625
		University of Minnesota total	96,223
93.389	Department of Health and Human Services	Construction of a Targeted Rhesus Macaque Microarray	180,125
		University of Nebraska total	180,125
93.213	Department of Health and Human Services	High Intensity Light Therapy in Alzheimer's Disease	77,446
		University of North Carolina at Chapel Hill total	77,446
93.867	Department of Health and Human Services	Discovery of Zebrafish Craniofacial and Retinal Genes	67,582
		University of Oregon total	67,582
66.500	Environmental Protection Agency	Develop Understanding of Chemical Accident Prevention	14,490
93.115	Department of Health and Human Services	Reducing Pesticide Exposure in Minority Families	67,410
93.867	Department of Health and Human Services	Coordinating Center for AMD Prevention Trial	112,597
93.879	Department of Health and Human Services	Remote Dental Consultation System	105,429
93.956	Department of Health and Human Services	Field Research on Biomarkers of Pesticide Toxicity Among Teen Farmworkers	30,141
		University of Pennsylvania total	330,067
93.242	Department of Health and Human Services	Genetics of Anxious/Depressive Behavior in Macaques	225,058
93.xxx	Department of Health and Human Services	Bone Strength Phenotypes in Men: Genes and Environment	7,456
		University of Pittsburgh total	232,514

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93.172	Department of Health and Human Services	Pilot Huntington at Risk Observational Study (PHAROS)	\$ 7,447
93.393	Department of Health and Human Services	Maternal Problem-Solving Training in Childhood Cancer	83,332
93.853	Department of Health and Human Services	Parkinson Disease Collaborative Study of Genetic Linkage, 'Progeni'	257
	University of Rochester total		91,036
93.393	Department of Health and Human Services	Mouse Models of Early Intestinal Neoplasia	68,884
	University of Southern California total		68,884
93.846	Department of Health and Human Services	Genetic & Molecular Basis of Cartilage Functions	16,384
	University of Texas, M.D. Anderson Cancer Center total		16,384
93.867	Department of Health and Human Services	Early Treatment for Retinopathy of Prematurity	20,297
	University of Texas, Health Science Center at Houston total		20,297
93.853	Department of Health and Human Services	SPS3 - Secondary Prevention of Small, Subcortical Strokes	29,050
	University of Texas, Health Science Center at San Antonio total		29,050
43.xxx	National Aeronautics and Space Administration	Nanoparticle Delivery of Repair Enzymes for Radiation Protection/DNA Repair	90,993
93.865	Department of Health and Human Services	DNA Damage Response in Perinatal Hypoxia-Ischemia	157,439
	University of Texas, Medical Center at Galveston total		248,432
93.848	Department of Health and Human Services	Digestive Diseases and Nutrition Research	26,071
93.853	Department of Health and Human Services	Clinical Trials for Pediatric Spinal Muscular Atrophy	47,530
93.856	Department of Health and Human Services	Immunotoxin-Depletion of HIV-1+T Cells	5,233
	University of Texas, Southwestern Medical Center at Dallas total		78,834
11.473	Department of Commerce	A Proposal to Build Regional Association Partnerships Leading to the Implementation of : A Pacific Northwest Regional Ocean Observing System (PNW Regional IOOS)	8,082
93.135	Department of Health and Human Services	Accessing CORI for the Colonoscopy Study	66,199
93.172	Department of Health and Human Services	Human Genome Research	81,727
93.389	Department of Health and Human Services	Washington National Primate Research Center/GRIP	129,025
93.847	Department of Health and Human Services	Metabolic Changes during Aging: A role for Melatonin	18,268
93.853	Department of Health and Human Services	Characterization of DLB: A Collaborative Study	52,354
93.865	Department of Health and Human Services	AAC Technology Management by Informal Caregivers	27,345
93.866	Department of Health and Human Services	Aging Research	185,867
93.xxx	Department of Health and Human Services	Pacific Northwest Dental Practice Based Research Network	66,749
	University of Washington total		635,616
93.273	Department of Health and Human Services	Replicability of Drug and Genetic Effects on Behavior	125,427
	University of Windsor total		125,427

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Catalog of federal domestic assistance number	Federal grantor	Program title	Expenditures
47.070	National Science Foundation	ITR/IM: A Petabyte in Your Pocket	\$ 148,347
		University of Wisconsin-Madison total	148,347
93.866	Department of Health and Human Services	Stage Based Health Promotion with the Elderly	30,141
		University of Rhode Island total	30,141
12.xxx	Department of Defense	Emissions Characterization, Dugway Proving Ground, Utah	73,349
		URS Corporation total	73,349
93.867	Department of Health and Human Services	Chemistry and Biology of Carcinogen - DNA Adducts	469,261
		Vanderbilt University total	469,261
93.847	Department of Health and Human Services	HLA-DQ-derived RTLs for Treatment of Celiac Disease	32,161
93.853	Department of Health and Human Services	Osteopontin, A Novel Neuroprotectant in Brain Ischemia	12,033
93.xxx	Department of Health and Human Services	Development of T Cell Specific Multiple Sclerosis Drug	98,508
		Virgenomics, Inc. total	142,702
93.853	Department of Health and Human Services	Vitamin Intervention for Stroke Prevention	91,311
93.866	Department of Health and Human Services	Cognition and Estrogen in Middle-Aged Female Monkeys	331,940
		Wake Forest University School of Medicine total	423,251
93.395	Department of Health and Human Services	Investigator and Mentor	6,263
		Washington State University total	6,263
93.839	Department of Health and Human Services	Anticoagulant Thrombins in Vitro and in Vivo	297,704
93.865	Department of Health and Human Services	Prefrontally Mediated Memory in Phenylketonuria	97,389
		Washington University School of Medicine total	395,093
93.xxx	Department of Health and Human Services	Implementation and Adaptation of MET/CBT5	15,706
		Z-Tech Corporation total	15,706
	Total Pass-Through Awards – Research and Development Awards		16,662,026
	Total Research and Development Awards		198,508,588
Student Financial Assistance (Direct Programs):			
84.007	Department of Education	Federal Supplementary Educational Opportunity Grants	48,137
84.268	Department of Education	Federal Stafford Loan	9,727,803
84.268	Department of Education	Federal Stafford Loan – Unsubsidized	20,914,152
84.268	Department of Education	Federal Plus Loans	671,064
84.033	Department of Education	Federal Work-Study Program	38,491
84.038	Department of Education	Federal Perkins Loan Program – Current Year Awards	2,653,266
84.063	Department of Education	Federal Pell Grant Program	495,552

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Catalog of federal domestic assistance number	Federal grantor	Program title	Expenditures
93.925	Department of Health and Human Services	Scholarships for Disadvantaged Students	\$ 122,700
93.342	Department of Health and Human Services	Federal Health Professional Loan	797,232
93.364	Department of Health and Human Services	Nursing Student Loans – Current Year Awards	<u>717,056</u>
	Total Student Financial Assistance (Direct Programs)		<u>36,185,453</u>
Other Awards:			
Direct Awards – Other Awards:			
94.006	Corporation for National and Community Service	Americorps/National Service Trust	<u>17,941</u>
		Americorp total	17,941
12.xxx	Department of Defense	Army Health Professions Scholarship Program	<u>260,645</u>
		Department of Army total	260,645
12.xxx	Department of Defense	Air Force Health Professions Scholarship Program	<u>492,080</u>
		Department of Air Force total	492,080
12.xxx	Department of Defense	Navy Health Professions Scholarship Program	<u>282,301</u>
		Department of Navy total	282,301
12.xxx	Department of Defense	Increasing Health Promotion Activities in Two Oregon Army National Guard Units	<u>1,530</u>
	Department of Defense total		1,036,556
16.529	Department of Justice	Education and Training to End Violence Against and Abuse of Women with Disabilities	<u>88,230</u>
	Department of Justice total		88,230
17.260	Department of Labor	Disability Employment Programs	411,990
17.720	Department of Labor	Building an E-Mentoring Career Network for Youth with Disabilities	<u>105,505</u>
	Department of Labor total		517,495
64.116	Department of Veteran's Affairs	Vocational Rehabilitation for Disabled Veterans	<u>25,296</u>
	Department of Veteran's Affairs total		25,296
66.607	Environmental Protection Agency	Small Grant - Apprenticeships in Science and Engineering	<u>6,161</u>
	Environmental Protection Agency total		6,161
84.116	Department of Education	Nursing Education Exchange - NEXus Project	50,634
84.133	Department of Education	National Institute on Disability and Rehabilitation Research	1,301,195
84.324	Department of Education	Special Education Research and Innovation to Improve Services and Results for Children with Disabilities	<u>746,903</u>
	Department of Education total		<u>2,098,732</u>

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Catalog of federal domestic assistance number	Federal grantor	Program title	Expenditures
93.107	Department of Health and Human Services	Model State-Supported Area Health Education Centers	\$ 425,998
93.110	Department of Health and Human Services	Maternal and Child Health Federal Consolidated Programs	1,114,162
93.113	Department of Health and Human Services	Biological Response to Environmental Health Hazards	219,723
93.173	Department of Health and Human Services	Research Related to Deafness and Communication Disorders	217,473
93.184	Department of Health and Human Services	Oregon Follow-Up to Newborn Screening (OFUN)	129,711
93.189	Department of Health and Human Services	Health Education and Training Centers	305,686
93.192	Department of Health and Human Services	Quentin N. Burdick Program for Rural Interdisciplinary Training	158,381
93.213	Department of Health and Human Services	Oregon CAM Course	415,917
93.230	Department of Health and Human Services	SAMHSA Consolidated Knowledge Development and Application (KD&A) Program	1,130,316
93.243	Department of Health and Human Services	One Sky Center: American Indian/Alaska Native National Resource Center	1,041,282
93.247	Department of Health and Human Services	Advanced Education Nursing Grant Program	1,374,297
93.253	Department of Health and Human Services	Poison Control Stabilization and Enhancement Grants	380,600
93.259	Department of Health and Human Services	Rural Access to Emergency Devices Grant	5,519
93.273	Department of Health and Human Services	IBANGS Annual Meeting Support	3,304
93.283	Department of Health and Human Services	Prevention of the Complications of Hemophilia through Hemophilia Treatment Centers	270,418
93.288	Department of Health and Human Services	National Health Service Corps Scholarship Fund	324,876
93.290	Department of Health and Human Services	National Community Centers of Excellence in Women's Health	133,608
93.301	Department of Health and Human Services	Small Rural Hospital Improvement Grant Program	270,551
93.359	Department of Health and Human Services	Nurse Education, Practice and Retention Grants	405,127
93.389	Department of Health and Human Services	National Center for Research Resources	1,963,509
93.390	Department of Health and Human Services	AIDS Related Research Caging	11,230
93.393	Department of Health and Human Services	28th International Herpesvirus Workshop	18,765
93.395	Department of Health and Human Services	The Annual Blood-Brain Barrier Consortium Meeting	28,410
93.396	Department of Health and Human Services	State-Level Tobacco Cessation: Developing and Disseminating a Comprehensive Approach	48,105
93.398	Department of Health and Human Services	Cancer Control: Capacity Building for Native Researchers	115,206
93.399	Department of Health and Human Services	Cancer Control	56,080
93.604	Department of Health and Human Services	Assistance to Torture Victims	427,355
93.631	Department of Health and Human Services	Developmental Disabilities Projects of National Significance	108,419
93.632	Department of Health and Human Services	University Centers for Developmental Disabilities Education, Research, and Service	465,360
93.779	Department of Health and Human Services	Community-Integrated Personal Assistant Services and Support Grant	23,811
93.837	Department of Health and Human Services	OHSU Human Investigations Program	281,377
93.846	Department of Health and Human Services	Arthritis, Musculoskeletal and Skin Diseases Research	40,246
93.865	Department of Health and Human Services	Perinatal Research Society Annual Meeting	11,916
93.879	Department of Health and Human Services	Medical Library Assistance	852,405
93.884	Department of Health and Human Services	Grants for Training in Primary Care Medicine and Dentistry	510,409
93.896	Department of Health and Human Services	Predoctoral Training in Primary Care	36,794
93.912	Department of Health and Human Services	State Rural Hospital Flexibility Program	554,962
93.913	Department of Health and Human Services	State of Rural Health Policy	156,490
93.918	Department of Health and Human Services	Title III Capacity Building Grants	68,076
93.924	Department of Health and Human Services	Ryan White HIV/AIDS Dental Reimbursements	314,470
93.928	Department of Health and Human Services	Special Projects of National Significance	171,074

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<u>Catalog of federal domestic assistance number</u>	<u>Federal grantor</u>	<u>Program title</u>	<u>Expenditures</u>
93.969	Department of Health and Human Services	Geriatric Education Centers	\$ 314,878
93.xxx	Department of Health and Human Services	Centers for Disease Control and Prevention	450
	Department of Health and Human Services total		<u>14,906,746</u>
	Total Direct Awards – Other Awards:		<u>18,697,157</u>
Pass-Through Awards – Other Awards			
93.889	Department of Health and Human Services	Oregon Poison Center Emergency Preparedness Alaska	<u>15,338</u>
		Alaska State Hospital and Nursing Home Association total	15,338
93.XXX	Department of Health and Human Services	Educational Development for Complementary and Alternative Medicine	<u>7,838</u>
		American Medical Student Association Foundation total	7,838
93.283	Department of Health and Human Services	Teaching Primary Care Residents Judicious Antibiotic Use	<u>137,428</u>
		Association of Medical Colleges total	137,428
93.XXX	Department of Health and Human Services	Department of Health and Human Services Programs	<u>134,960</u>
		Booz Allen Hamilton, Inc. total	134,960
93.395	Department of Health and Human Services	Urologic Cancer Outreach Program (UCOP) of the Southwest Oncology Group, OHSU	<u>28,218</u>
		Cancer Therapy Research Foundation total	28,218
93.914	Department of Health and Human Services	Project Dental Health - Cleve Allen Dental Center	<u>265,675</u>
		DHHS HIV/AIDS Bureau total	265,675
84.116	Department of Education	Rural Frontier Delivery - Healthcare Education for Nursing Professionals	<u>137,039</u>
		Eastern Oregon University total	137,039
93.395	Department of Health and Human Services	Pathology Committee Co-Chair	<u>10,525</u>
		Gynecologic Oncology Group total	10,525
93.XXX	Department of Health and Human Services	Mentorship Program in Chronic Disease Epidemiology	<u>11,746</u>
		Milton S. Hershey Medical Center total	11,746
93.224	Department of Health and Human Services	Intergovernmental Agreement for Dental Laboratory Services	7,253
93.914	Department of Health and Human Services	HIV Emergency Relief Project Grants	<u>344,306</u>
		Multnomah County Health Department total	351,559
93.994	Department of Health and Human Services	Maternal and Child Health Services Block Grant to the States	1,968,752
93.268	Department of Health and Human Services	The Rural Oregon Immunization Initiative	20,000
93.283	Department of Health and Human Services	"Emergency Preparedness: Nurses Planning for the Unexpected" a Continuing Education Conference	12,371

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Catalog of federal domestic assistance number	Federal grantor	Program title	Expenditures
93.889	Department of Health and Human Services	Oregon Bioterrorism Emergency Preparedness	\$ 210,963
93.243	Department of Health and Human Services	Oregon Incentive Grant Enhancement for Early Childhood Prevention	31,313
93.110	Department of Health and Human Services	DHS Genetics	54,146
93.136	Department of Health and Human Services	State Capacity Project for Assessing and Preventing Secondary Conditions Associated with Disability, and Promoting the Health of Persons with Disabilities	282,396
		Oregon Department of Human Services total	2,579,941
93.630	Department of Health and Human Services	Community Partnerships Project: Empowerment - Self-Advocates as Leaders	95,229
		Oregon Council on Developmental Disabilities total	95,229
17.257	Department of Labor	Healthcare Workforce Initiative Simulation Equipment	25,820
17.XXX	Department of Labor	A Statewide Integrated Network in Health Care Education	43,017
		Oregon Department of Education total	68,837
84.013	Department of Education	Title I Program for Neglected and Delinquent Children	8,685
84.027	Department of Education	The Transition Program	16,406
		Oregon Dept of Education total	25,091
84.133	Department of Education	RERC for Accessible Airline Transportation	145,577
		Oregon State University total	145,577
93.110	Department of Health and Human Services	Western States Genetic Services Collaborative	119,729
		Research Corp of University of Hawaii total	119,729
93.395	Department of Health and Human Services	Lymphoma Pathology Committee Co-Chair	10,187
		Southwest Oncology Group total	10,187
93.XXX	Department of Health and Human Services	Strengthening the Capacity of Nursing through an Innovative Service-Learning Partnership with the Latino Community	35,548
		Susannah Maria Gurule Foundation total	35,548
93.632	Department of Health and Human Services	The Medicaid Reference Desk	21,830
		The Arc of the United States total	21,830
93.779	Department of Health and Human Services	Technical Assistance Exchange for Community Living	33,206
		The Institute on Rehabilitation Research (TIIR) total	33,206
93.XXX	Department of Health and Human Services	Immune Tolerance Network Clinical Trials Oversight	92,634
		University of California, San Francisco total	92,634

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Catalog of federal domestic assistance number	Federal grantor	Program title	Expenditures
93.110	Department of Health and Human Services	National Newborn Screening and Genetics Center	18,319
		University of Texas, San Antonio total	18,319
93.837	Department of Health and Human Services	Outreach Project Award: Web Site for Oregon Public Health Nurses	10,863
93.879	Department of Health and Human Services	Medical Library Assistance	62
93.XXX	Department of Health and Human Services	Department of Health and Human Services Programs	362,201
		University of Washington total	373,126
93.110	Department of Health and Human Services	Maternal and Child Health Federal Consolidated Programs	293,830
		Utah State University total	293,830
47.041	National Science Foundation	The Vanderbilt-Northwestern-Texas-Harvard/MIT Engineering Research Center for Bioengineering Educational Technologies	82,285
		Vanderbilt University total	82,285
17.720	Department of Labor	Workforce Investment - Employment & Training Services	3,763
		Worksystems, Inc. total	3,763
	Total Pass-through Awards – Other Awards		5,099,458
	Total Other Awards		23,796,615
	Total Awards		\$ 258,490,656

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Notes to Schedule of Expenditures of Federal Awards
Year ended June 30, 2005

(1) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal awards to Oregon Health & Science University (OHSU) that had activity during the fiscal year ended June 30, 2005. This schedule has been prepared on the accrual basis of accounting.

(2) Subrecipients

Of the Federal expenditures presented in the Schedule of Expenditures of Federal Awards, OHSU provided Federal awards to subrecipients as follows:

<u>Program title</u>	<u>CFDA number</u>	<u>Expenditures</u>
NOAA Cooperative Science and Education Program	11.455	\$ 20,590
NOAA Coastal Services Center	11.473	65,365
Commerce Programs	11.XXX	61,208
Military Medical Research and Development	12.420	105,415
Defense Programs	12.XXX	129,586
Education and Training to End Violence Against and Abuse of Women with Disabilities	16.529	26,583
WIA Dislocated Workers	17.260	268,964
Employment Programs for People with Disabilities	17.720	61,638
Aerospace Education Services Program	43.XXX	34,511
NSF Computer and Information Science and Engineering	47.070	336,261
EPA Surveys, Studies, Investigations and Special Purpose Grants	66.606	102,423
EPA Training and Fellowships for the Environmental Protection Agency	66.607	6,161
ED National Institute on Disability and Rehabilitation Research	84.133	507,780
ED Special Education Research and Innovation to Improve Services and Results for Children with Disabilities	84.324	184,362
Model State-Supported Area Health Education Centers	93.107	312,502
Maternal and Child Health Federal Consolidated Programs	93.110	178,397
Biological Response to Environmental Health Hazards	93.113	1,070,785

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Year ended June 30, 2005

<u>Program title</u>	<u>CFDA number</u>	<u>Expenditures</u>
Oral Diseases and Disorders Research	93.121	\$ 190,520
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135	62,614
Injury Prevention and Control Research and State and Community Based Programs	93.136	43,170
Research Related to Deafness and Communication Disorders	93.173	156,344
Health Education and Training Centers	93.189	140,898
Quentin N. Burdick Program for Rural Interdisciplinary Training	93.192	40,950
Research and Training in Complementary and Alternative Medicine	93.213	206,742
SAMHSA Consolidated Knowledge Development and Application (KD&A) Program	93.230	348,745
Mental Health Research Grants	93.242	438,729
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	194,461
Advanced Education Nursing Grant Program	93.247	110,567
Rural Access to Emergency Devices Grant	93.259	5,700
Drug Abuse Research Programs	93.279	1,356,493
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	493,695
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	59,126
Small Rural Hospital Improvement Grant Program	93.301	257,668
Nursing Research	93.361	187,632
National Center for Research Resources	93.389	325,760
Cancer Treatment Research	93.395	237,445
Cancer Biology Research	93.396	65,569
Cancer Control	93.399	29,549
Developmental Disabilities Projects of National Significance	93.631	8,825
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632	6,888
Heart and Vascular Diseases Research	93.837	1,550,272
Lung Diseases Research	93.838	62,524
Blood Diseases and Resources Research	93.839	7,336
Diabetes, Endocrinology and Metabolism Research	93.847	551,027
Digestive Diseases and Nutrition Research	93.848	169,669

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Notes to Schedule of Expenditures of Federal Awards
Year ended June 30, 2005

<u>Program title</u>	<u>CFDA number</u>	<u>Expenditures</u>
Digestive Diseases and Nutrition Research	93.848	\$ 169,669
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	945,364
Allergy, Immunology and Transplantation Research	93.855	4,041
Microbiology and Infectious Diseases Research	93.856	197,677
Biomedical Research and Research Training	93.859	307,305
Child Health and Human Development Extramural Research	93.865	288,296
Aging Research	93.866	206,333
NIH Vision Research	93.867	396,243
Medical Library Assistance	93.879	218,211
Grants for Training in Primary Care Medicine and Dentistry	93.884	14,913
Alcohol Research Center Grants	93.891	64,253
Rural Health Care Services Outreach and Rural Health Network Development Program	93.912	161,151
Ryan White HIV/AIDS Dental Reimbursements	93.924	30,724
Agricultural Health and Safety Programs	93.956	24,161
Geriatric Education Centers	93.969	140,617
International Research and Research Training	93.989	13,883
Maternal and Child Health Services Block Grant to the States	93.994	1,077,364
DHHS Programs	93.XXX	648,217
Total		\$ <u><u>15,689,871</u></u>

(3) Student Financial Aid Expenditures

Student financial aid program expenditures include payments to students and each program's administrative allowance. The student financial aid program expenditures exclude amounts representing cost sharing or matching. Administrative allowances totaling \$137,049 were claimed in the current year.

(4) Loan Program Administration

OHSU administers the following loan programs:

	<u>CFDA Number</u>	<u>Outstanding balance at June 30, 2005</u>
Perkins loans	84.038	\$ 2,957,793
Federal health professional loans	93.342	1,078,009
Nursing student loans	93.364	426,536

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Schedule 1 – Schedule of Findings and Questioned Costs
Year ended June 30, 2005

Section I – Summary of Auditors’ Results:

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? Yes No
 - Reportable condition identified that is not considered to be a material weakness? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness identified? Yes No
- Reportable condition identified that is not considered to be a material weakness? Yes None reported

Type of auditors’ report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of federal program</u>
RD 93.994	Research and Development Cluster Maternal and Child Health Services Block Grant to the States

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings: No matters were reported

Section III – Federal Award Findings and Questioned Costs: None