**NEW ISSUE**
**BOOK-ENTRY-ONLY**

**RATINGS:**
**Moody's: Aaa**
**S&P: AAA**
**(See "RATINGS" herein)**

*In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Series FF Bonds (as hereinafter defined) is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the federal alternative minimum tax. Such exclusion is conditioned on continuing compliance by the Corporation with the Tax Covenants (as hereinafter defined). In the opinion of Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Series FF Bonds is exempt from income taxation in the State of Indiana. See "TAX MATTERS," "BOND PREMIUM" and APPENDIX C herein.*

PURDUE UNIVERSITY

# $30,550,000
# THE TRUSTEES OF PURDUE UNIVERSITY
## Purdue University Student Fee Bonds, Series FF

**Dated: Date of Delivery** **Due: July 1, as shown on the inside cover page**

The Trustees of Purdue University (the "Corporation") will issue its Purdue University Student Fee Bonds, Series FF, dated the date of delivery (the "Series FF Bonds"), in the original aggregate principal amount of $30,550,000. The Series FF Bonds are being issued pursuant to resolutions adopted and actions authorized by the Board of Trustees of the Corporation and under an Amended and Restated Trust Indenture dated as of May 1, 1996, as heretofore supplemented and amended from time to time (the "Amended and Restated Indenture"), and as further supplemented by a Thirty-Third Supplemental Indenture dated as of May 1, 2022 (the "Thirty-Third Supplemental Indenture" and, collectively with the Amended and Restated Indenture, the "Indenture"), by and between the Corporation and The Bank of New York Mellon Trust Company, N.A. (as successor to NBD Bank, N.A.), Indianapolis, Indiana, as trustee (the "Trustee"), for the purposes of (i) financing the current refunding of the Refunded Bonds (as hereinafter defined), and (ii) paying costs of issuance of the Series FF Bonds. See "PLAN OF FINANCE."

Interest on the Series FF Bonds is payable on January 1 and July 1 of each year, commencing January 1, 2023 by check mailed to the registered owners or by wire transfer to owners of $1,000,000 or more in aggregate principal amount who have requested the same of the Trustee. The Series FF Bonds are issuable only as fully registered bonds, and will be issued in denominations of $5,000 or any integral multiple thereof. The Series FF Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series FF Bonds will be made in book-entry-only form, and purchasers of a beneficial interest in the Series FF Bonds will not receive physical delivery of the certificates representing their interests in the Series FF Bonds. The principal of and interest on the Series FF Bonds will be paid to DTC or its nominee as the registered owner of the Series FF Bonds. Disbursement of such payments to owners of beneficial interests in the Series FF Bonds will be the responsibility of DTC and its participants and indirect participants. See "DESCRIPTION OF SERIES FF BONDS--Book-Entry-Only System."

The Series FF Bonds are not subject to redemption prior to maturity. See "DESCRIPTION OF SERIES FF BONDS -- Redemption."

**The Series FF Bonds are limited obligations of the Corporation secured exclusively by and payable solely from a pledge of and parity first lien on Student Fees, Qualified Swap Receipts (if any) and certain other Pledged Funds. The Series FF Bonds are not a general obligation, debt or liability of the Corporation or the State of Indiana, and no recourse will be had for the payment of the principal of or interest on the Series FF Bonds against the State of Indiana or the Corporation, or against the property or funds of the Corporation or the State of Indiana, except to the extent of the pledge of Student Fees, Qualified Swap Receipts (if any) and certain funds under the Indenture for payment of the Series FF Bonds. The Corporation has no taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR STUDENT FEE BONDS."**

---

**See the inside cover page for maturities, principal amounts, interest rates, yields and CUSIP numbers**

---

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series FF Bonds are offered when, as and if issued by the Corporation and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by Ice Miller LLP, Indianapolis, Indiana, Bond Counsel and Disclosure Counsel. Certain legal matters will be passed on for the Corporation by its internal counsel, Steven R. Schultz, Esq., General Counsel to the Corporation, West Lafayette, Indiana, and for the Underwriters by Barnes & Thornburg LLP, Indianapolis, Indiana. Blue Rose Capital Advisors LLC, Minneapolis, Minnesota, is serving as financial advisor to the Corporation. It is anticipated that the Series FF Bonds will be available for delivery to DTC in New York, New York, on or about June 16, 2022.

**Goldman Sachs & Co. LLC**

**BofA Securities** **Ramirez & Co., Inc.**

Official Statement dated: May 10, 2022

**MATURITIES, PRINCIPAL AMOUNTS,**
**INTEREST RATES, YIELDS AND CUSIP[1] NUMBERS**

**$30,550,000**
**The Trustees of Purdue University**
**Purdue University Student Fee Bonds, Series FF**

| Date | Principal Amount | Interest Rate | Yield | Price | CUSIP[1] |
|---|---|---|---|---|---|
| July 1, 2023 | $2,445,000 | 4.000% | 2.110% | 101.936% | 746189ZM4 |
| July 1, 2024 | 2,550,000 | 4.000 | 2.420 | 103.128 | 746189ZN2 |
| July 1, 2025 | 2,665,000 | 5.000 | 2.620 | 106.913 | 746189ZP7 |
| July 1, 2026 | 2,800,000 | 5.000 | 2.670 | 108.869 | 746189ZQ5 |
| July 1, 2027 | 2,940,000 | 5.000 | 2.730 | 110.623 | 746189ZR3 |
| July 1, 2028 | 3,095,000 | 5.000 | 2.820 | 112.030 | 746189ZS1 |
| July 1, 2029 | 3,255,000 | 5.000 | 2.920 | 113.151 | 746189ZT9 |
| July 1, 2030 | 3,420,000 | 5.000 | 2.990 | 114.271 | 746189ZU6 |
| July 1, 2031 | 3,595,000 | 5.000 | 3.060 | 115.221 | 746189ZV4 |
| July 1, 2032 | 3,785,000 | 5.000 | 3.100 | 116.286 | 746189ZW2 |

[1] Term expires June 2022

NO DEALER, BROKER, SALESMAN OR ANY OTHER PERSON HAS BEEN AUTHORIZED BY THE CORPORATION OR THE UNDERWRITERS TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CORPORATION OR ANY OF THE FOREGOING. CERTAIN INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN OBTAINED FROM THE CORPORATION AND OTHER SOURCES CONSIDERED TO BE RELIABLE, BUT IS NOT TO BE CONSIDERED TO BE THE REPRESENTATIONS OF THE UNDERWRITERS. THIS OFFICIAL STATEMENT SHOULD BE CONSIDERED IN ITS ENTIRETY AND NO ONE FACTOR CONSIDERED MORE OR LESS IMPORTANT THAN ANY OTHER BY REASON OF ITS POSITION IN THIS OFFICIAL STATEMENT. THE INFORMATION, ESTIMATES AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE; AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE AS TO THE AFFAIRS OF THE CORPORATION AND THE OTHER PARTIES REFERRED TO HEREIN SINCE THE DATE OF THIS OFFICIAL STATEMENT OR SINCE ANY EARLIER DATE AS OF WHICH INFORMATION IS STATED TO BE GIVEN.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH AND AS A PART OF THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL NOR THE SOLICITATION OF AN OFFER TO BUY THE SERIES FF BONDS IN ANY JURISDICTION IN WHICH OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE SERIES FF BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED IN ANY STATE AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR ANY OTHER GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT NOR APPROVED THE SERIES FF BONDS FOR SALE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CORPORATION AND THE TERMS OF THE OFFERING, INCLUDING THE MERIT AND RISK INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

## TABLE OF CONTENTS

## SUMMARY STATEMENT

***Subject, in all respects, to more complete information contained elsewhere in this Official Statement.***

**PURDUE UNIVERSITY**, founded in 1869, is the land-grant university of the State of Indiana. The Trustees of Purdue University (the "Corporation") is a statutory body corporate created in 1869 by the Indiana General Assembly, with powers (among others) ". . . to organize said university . . . and to do all acts necessary and expedient to put and keep said university in operation . . . ." The Corporation's governing body is a ten-member Board of Trustees, also created by Indiana statute.

The main campus of Purdue University is located in West Lafayette, about 60 miles northwest of Indianapolis. Purdue Northwest maintains regional campuses in the northwestern cities of Hammond and Westville. Purdue Fort Wayne is in northeastern Indiana. Purdue University also operates a Statewide Technology Program at numerous locations throughout Indiana. The West Lafayette campus is organized academically into ten colleges. Undergraduate, masters and doctorate degrees are awarded in each school. Purdue University's 2021 Fall semester headcount enrollment for all campuses exceeded 67,400, excluding the Indianapolis campus. An additional 5,640 Purdue students attended the Indiana University-Purdue University campus in Indianapolis. See APPENDIX A.

The University also offers online learning through Purdue University Global ("Purdue Global"), an Indiana nonprofit public benefit corporation controlled and supervised by the Corporation. Purdue Global is distinct from other institutions in the Purdue system, relying primarily on tuition and fundraising to cover operating expenses. No state appropriations are utilized. Purdue Global operates primarily online with administrative headquarters in West Lafayette, IN. Purdue Global had approximately 33,800 students enrolled at January 2022. See "Purdue University Global" in APPENDIX A.

**PURPOSES OF ISSUE.** The Corporation's Purdue University Student Fee Bonds, Series FF (the "Series FF Bonds"), are being issued (i) to finance the current refunding of The Trustees of Purdue University, Purdue University Student Fee Bonds, Series AA (the "Series AA Bonds"), maturing on July 1, 2023 through and including July 1, 2032 (the "Refunded Bonds"), and (ii) to pay certain costs of issuance of the Series FF Bonds. See "PLAN OF FINANCE."

**SECURITY.** The Series FF Bonds, together with each of the Purdue University Student Fee Bonds, Series U, Series Z-2, Series AA, Series BB-1, Series BB-2, Series CC, Series DD, and Series EE remaining outstanding after the issuance of the Series FF Bonds, are limited obligations of the Corporation payable from and secured solely by a pledge of and first lien on Student Fees as provided in the Indenture, payments to the Corporation from a Qualified Swap Provider pursuant to a Qualified Swap Agreement (if any), and moneys on deposit in certain funds established under the Indenture. At the time of issuance of the Series FF Bonds, the Corporation has not entered into any Qualified Swap Agreements and has no present intention to enter into any Qualified Swap Agreement. The Series FF Bonds are not a general obligation debt or liability of the Corporation or the State of Indiana, and no recourse shall be had for the payment of the principal of or interest on the Series FF Bonds against the State of Indiana or the Corporation, or against the property or funds of the Corporation or the State of Indiana, except to the extent of the Student Fees, Qualified Swap Receipts (if any), and the funds pledged under the

Indenture for payment of the Series FF Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR STUDENT FEE BONDS."

**STUDENT FEES.** The term "Student Fees" means all academic fees (including tuition) however denominated, assessed by the Corporation against all students attending Purdue University, except fees which may be subsequently released from the lien of the Indenture, as provided therein. Purdue University Global is a separate legal entity and the tuition and student fees it charges to and collects from its students do **not** constitute "Student Fees" within the meaning of the Indenture for purposes of securing the Student Fee Bonds or providing a source of payment for the Student Fee Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR STUDENT FEE BONDS -- Student Fees."

**BOOK-ENTRY-ONLY SYSTEM.** The Series FF Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, and all payments of principal will be made to Cede & Co. which will in turn remit such payments to DTC Participants and DTC Indirect Participants for subsequent disbursement to the Beneficial Owners of the Series FF Bonds. Purchases of the Series FF Bonds by investors will be made in book-entry form only and individual purchasers will not receive physical delivery of Series FF Bond certificates. See "DESCRIPTION OF SERIES FF BONDS -- Book-Entry-Only System."

**DEBT SERVICE COVERAGE.** The following debt service coverage summary is based on Student Fees for the Fiscal Years ended June 30, 2021 and June 30, 2020, and the Maximum Annual Debt Service on all Outstanding Student Fee Bonds, after giving effect to the issuance of the Series FF Bonds.

| | 2021 | 2020 |
|---|---|---|
| | (in thousands) | |
| Student Fees[1] | $885,081 | $865,137 |
| Coverage[2] | 16.29x | 15.92x |

[1] Excludes fees charged and collected by Purdue University Global, which do not constitute Student Fees.
[2] Maximum Annual Debt Service (in thousands) (FY 2023) ($54,338,715).

**FEE COVENANT.** The Corporation covenants that it will establish and collect Student Fees so as to generate in each Fiscal Year annual sums no less than 1.0 times the Annual Debt Service Requirement for such Fiscal Year and any other amounts to be paid from Student Fees with respect to such Fiscal Year, in accordance with the Indenture. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE -- Covenants of the Corporation."

**RESERVE FUND.** No reserve fund exists for the Series FF Bonds.

**ADDITIONAL PARITY BONDS.** The Corporation may issue additional Parity Bonds secured by a pledge of and first lien on Student Fees provided, among other things, that the actual Student Fees received by the Corporation during the preceding Fiscal Year are at least equal to 1.0 times the Maximum Annual Debt Service to become due on all Parity Bonds outstanding under the Indenture plus the Parity Bonds to be issued. The Corporation may enter into Qualified Swap Agreements on a parity with the Series FF Bonds and all other Parity Bonds. The Corporation has not entered into any Qualified Swap Agreements and has no present intention to enter into any Qualified Swap Agreements. See "SECURITY AND SOURCES OF PAYMENT FOR THE STUDENT FEE BONDS -- Issuance of Additional Bonds."

**CONTINUING DISCLOSURE.** Pursuant to the continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the "Rule"), the Corporation entered into a Second Amended and Restated Continuing Disclosure Undertaking Agreement, dated May 27, 2020, as heretofore supplemented, to be further supplemented by a Second Supplement to Second Amended and Restated Continuing Disclosure Undertaking Agreement, dated the date of delivery of the Series FF Bonds (as supplemented and amended, the "Undertaking Agreement"), pursuant to which the Corporation will agree to provide (i) on an annual basis to the Municipal Securities Rulemaking Board ("MSRB") certain annual financial and operating information, and (ii) notice to the MSRB upon the occurrence of certain reportable events more fully described herein. See "CONTINUING DISCLOSURE" herein. In order to assist the Underwriters in complying with the Underwriters' obligations pursuant to the Rule, the Corporation represents that it is not aware of any instances in the previous five years in which the Corporation has failed to comply in any material respect with its previous undertakings.

**COVID-19.** See "COVID-19" herein.

**ADDITIONAL FINANCING**. In addition to the Series FF Bonds, the Corporation also anticipates issuing its Purdue University Student Facilities System Revenue Bonds, Series 2022A (the "Series 2022A Bonds"), in the aggregate principal amount of $41,800,000*****, on or about the date of delivery of the Series FF Bonds. The Series 2022A Bonds are not being offered by means of this Official Statement. If the Series 2022A Bonds are issued, the proceeds of the Series 2022A Bonds are expected to be used by the Corporation for the purposes of (i) financing a current refunding of certain outstanding student facilities system revenue bonds and (ii) paying costs of issuance of the Series 2022A Bonds. The Series 2022A Bonds are not issued under the Indenture, do not constitute Student Fee Bonds, Parity Obligations or Subordinated Bonds under the Indenture, and are not secured by Student Fees (all terms as defined herein).

.

* Preliminary, subject to change

[THIS PAGE INTENTIONALLY LEFT BLANK]

## OFFICIAL STATEMENT

**$30,550,000**
**The Trustees of Purdue University**
**Purdue University Student Fee Bonds, Series FF**

## INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the appendices, is to set forth information concerning the issuance and sale by The Trustees of Purdue University (the "Corporation"), of $30,550,000 aggregate principal amount of its Purdue University Student Fee Bonds, Series FF (the "Series FF Bonds").

The Series FF Bonds are being issued under Indiana Code 21-34-6 through 10, as amended (the "Act"), and pursuant to resolutions adopted by and actions authorized by the Board of Trustees of the Corporation (the "Board"), and in accordance with the provisions of an Amended and Restated Trust Indenture, dated as of May 1, 1996, by and between the Corporation and The Bank of New York Mellon Trust Company, N.A. (as successor to NBD Bank, N.A.), Indianapolis, Indiana, as trustee (the "Trustee"), as supplemented and amended from time to time (the "Amended and Restated Indenture"), and as further supplemented by the Thirty-Third Supplemental Indenture dated as of May 1, 2022, by and between the Corporation and the Trustee (the "Thirty-Third Supplemental Indenture"). The Amended and Restated Indenture, as supplemented by the Thirty-Third Supplemental Indenture, is referred to herein as the "Indenture."

The Indenture also governs other outstanding debt of the Corporation which is on a parity basis with the Series FF Bonds. The Indenture allows the Corporation, under certain circumstances, to issue additional debt, and enter into Qualified Swap Agreements, which may be on a parity basis with the Series FF Bonds. Certain terms of the Indenture, including provisions for Parity Obligations, are described in this Official Statement in the section entitled "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

The Series FF Bonds are limited obligations of the Corporation secured exclusively by and payable solely from a pledge of and a first lien on Student Fees, payments to the Corporation from a Qualified Swap Provider pursuant to a Qualified Swap Agreement (if any), and moneys on deposit in certain funds established under the Indenture. The Corporation has not entered into any Qualified Swap Agreements and has no present intention to enter into any Qualified Swap Agreements. The Series FF Bonds are not a general obligation, debt or liability of the Corporation or of the State of Indiana, and no recourse will be had for the payment of the principal of or interest on the Series FF Bonds against the State of Indiana or the Corporation, or against the property or funds of the Corporation or of the State of Indiana, except to the extent of the pledge of Student Fees, Qualified Swap Receipts (if any), and certain funds under the Indenture for payment of the Series FF Bonds. The Corporation has no taxing power.

Under the Indenture, the Corporation has issued and has outstanding as of April 1, 2022, $436,840,000 in cumulative aggregate principal amount of its (i) Purdue University Student Fee Bonds, Series U (the "Series U Bonds"); (ii) Taxable Purdue University Student Fee Bonds, Series Z-2 (Build America Bonds – Direct Pay Option) (the "Series Z-2 Bonds"); (iii) Purdue University Student Fee Bonds, Series AA (the "Series AA Bonds"); (iv) Tax-Exempt Purdue University Student Fee Bonds, Series BB-1 (the "Series BB-1 Bonds"); (v) Taxable Purdue University Student Fee Bonds, Series BB-2 (the "Series BB-2 Bonds"); (vi) Purdue University Student Fee Bonds, Series CC (the "Series CC Bonds"); (vii) Purdue University Student Fee Bonds, Series DD (the "Series DD Bonds") (viii) Purdue University Student Fee Bonds, Series EE (the "Series EE Bonds") (the Bonds referred to in clauses (i) through (viii) are collectively referred to as the "Outstanding Student Fee Bonds"). The Series AA Bonds, maturing on July 1, 2023 through and including July 1, 2032 (the "Refunded Bonds"), are being refunded by the Series FF Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR STUDENT FEE BONDS -- Outstanding Student Fee Bonds." The Series FF Bonds are issued on a parity with the Outstanding Student Fee Bonds and any additional Parity Bonds (as hereinafter defined) issued by the Corporation under the Indenture (the Outstanding Student Fee Bonds and the Series FF Bonds, together with any Additional Bonds (as hereinafter defined) issued by the Corporation under the Indenture, are collectively referred to as the "Student Fee Bonds"). See "SECURITY AND SOURCES OF PAYMENT FOR STUDENT FEE BONDS."

"Student Fees" means all academic fees (including tuition), however denominated, assessed by the Corporation against students attending Purdue University (the "University"), except fees which may be subsequently released from the lien of the Indenture, as provided therein. The Corporation has covenanted and agreed in the Indenture to pay the Trustee on or before each Interest Payment Date, Student Fees sufficient to pay the principal of and interest due on the Series FF Bonds and all Parity Bonds. Such amounts will be deposited in the Sinking Fund. Student Fees, prior to their deposit with the Trustee as required by the Indenture, may be used as general operating funds of the Corporation.

The Series FF Bonds are **not** subject to redemption prior to maturity. See "DESCRIPTION OF SERIES FF BONDS -- Redemption."

The Corporation has entered into an Undertaking Agreement for the benefit of the beneficial owners of the Series FF Bonds, obligating itself to provide certain continuing disclosure as described in detail in "CONTINUING DISCLOSURE" herein.

The information contained under the caption "INTRODUCTION" is qualified by reference to the entire Official Statement, including the Appendices hereto. This introduction is only a brief description and a full review should be made of the entire Official Statement, including the Appendices hereto, as well as documents summarized or described herein. The summaries of and references to all documents, statutes and other instruments referred to in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the full text of each such document, statute or instrument.

## PURPOSES OF SERIES FF BONDS

The Series FF Bonds are being issued for the purposes of (i) financing the refunding of the Refunded Bonds, as described under the caption "PLAN OF FINANCE." A portion of the proceeds of the Series FF Bonds will be used to pay for the costs of issuance of the Series FF Bonds.

## DESCRIPTION OF SERIES FF BONDS

### General

The Series FF Bonds will be issued in the aggregate principal amount of $30,550,000 and will be dated and bear interest from the date of issuance. The Series FF Bonds will bear interest (payable January 1 and July 1 of each year, with the first interest payment being January 1, 2023 (each, an "Interest Payment Date")) at the rates and will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. Interest on the Series FF Bonds will be computed on the basis of a 360-day year, consisting of twelve 30-day months.

The Series FF Bonds will be issued in fully registered form in the denomination of $5,000 or any integral multiple of that sum.

The Series FF Bonds will be registered on the books of the Corporation kept for that purpose (the "Bond Register") at the corporate trust operations office of the Trustee as Bond Registrar. The principal of the Series FF Bonds is payable upon presentation and surrender thereof at the principal operations office of the Trustee. Interest on the Series FF Bonds is payable on each Interest Payment Date by check mailed on the first Business Day prior to such Interest Payment Date, by the Trustee to the Registered Owners as their names and addresses appear in the Bond Register on the 15$^{th}$ day of the month preceding such Interest Payment Date (each, a "Record Date"), or by wire transfer on the Interest Payment Date to any Registered Owner of $1,000,000 or more in aggregate principal amount who requests the same in writing to the Trustee prior to the Record Date for such Interest Payment Date.

If payment of any principal of or interest on any Series FF Bond is due on any date which is not a Business Day, such payment may be made on the next Business Day with the same effect as if made on such date.

### Redemption

The Series FF Bonds are <u>not</u> subject to redemption prior to maturity.

### Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series FF Bonds. The Series FF Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series FF Bond certificate will be issued for the Series FF Bonds (designating each maturity thereof and the interest rate for each maturity or within a maturity) and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series FF Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series FF Bonds on DTC's records. The ownership interest of each actual purchaser of each Series FF Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series FF Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series FF Bonds, except in the event that use of the book-entry system for the Series FF Bonds is discontinued.

To facilitate subsequent transfers, all Series FF Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series FF Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series FF Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series FF Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series FF Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series FF Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series FF Bond documents. For example, Beneficial Owners of the Series FF Bonds may wish to ascertain that the nominee holding the Series FF Bond for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series FF Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series FF Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series FF Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and other payments on the Series FF Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Corporation or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series FF Bonds at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for such Series FF Bonds are required to be printed and delivered.

The Corporation may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for such Series FF Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the Corporation believes to be reliable, but the Corporation takes no responsibility for the accuracy thereof.

**Disclaimer**

THE INFORMATION PROVIDED ABOVE UNDER "BOOK-ENTRY-ONLY SYSTEM" HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE CORPORATION, THE TRUSTEE OR THE UNDERWRITERS AS TO THE ACCURACY OR

ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

The Corporation and the Trustee will have no responsibility or obligation with respect to:

(i) the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any beneficial ownership interest in any Series FF Bonds;

(ii) the delivery to any Direct Participant or Indirect Participant or any other person, other than an owner, as shown in the bond register, of any notice with respect to any Series FF Bond including, without limitation, any notice of redemption;

(iii) the payment to any Direct Participant or Indirect Participant or any other person, other than an owner, as shown in the bond register, of any amount with respect to the principal of or premium, if any, or interest on any Series FF Bond; or

(iv) any consent given by DTC or its nominee as registered owner.

Prior to any discontinuation of the book-entry only system described under this caption, the Corporation and the Trustee may treat DTC as, and deem DTC to be, the absolute owner of the Series FF Bonds for all purposes whatsoever, including, without limitation:

(i) the payment of the principal of and premium, if any, and interest on the Series FF Bonds;

(ii) giving notices of redemption and other matters with respect to the Series FF Bonds;

(iii) registering transfers with respect to the Series FF Bonds; and

(iv) the selection of Series FF Bonds for redemption.

**Payment of Principal and Interest on Series FF Bonds**

*For so long as the Series FF Bonds are registered in the name of DTC or its nominee or its successor, payments of principal and interest shall be made as described under Book-Entry-Only System above. In the event the Series FF Bonds are no longer registered under a book-entry-only system, such Series FF Bonds will be registered as to both principal and interest in the Bond Register at the principal office of the Trustee, as Bond Registrar, and payment of the principal of and interest on such Series FF Bonds shall be made as described above under "General."*

***Interest Account***. The Trustee shall establish and maintain, so long as any Series FF Bonds are outstanding, a separate account within the Sinking Fund created by the Indenture known as the Series FF Interest Account. The Trustee will allocate from amounts in the Sinking Fund to the Series FF Interest Account amounts which are sufficient to pay interest on the Outstanding Series FF Bonds as such becomes due. On or before the first day of each January and July, commencing January 1, 2023 (or, if such day is not a Business Day, then on the first

Business Day after such day), the Trustee will deposit in the Series FF Interest Account moneys received from the Corporation in an amount equal to the difference, if any, between (a) the interest due on the Series FF Bonds on such Interest Payment Date and (b) the amount of money on deposit in the Series FF Interest Account available to pay such interest on the Series FF Bonds. Moneys on deposit in the Series FF Interest Account shall be used by the Trustee to pay interest on the Series FF Bonds on regularly scheduled Interest Payment Dates.

***Principal Account***. The Trustee shall establish and maintain, so long as any Series FF Bonds are outstanding, a separate account within the Sinking Fund to be known as the Series FF Principal Account. All payments made by the Corporation in respect to principal of the Series FF Bonds shall be deposited as and when received by the Trustee in the Series FF Principal Account. On the first day of each July, commencing July 1, 2023 (or, if such day is not a Business Day, then on the first Business Day after such day), the Trustee will deposit in the Series FF Principal Account moneys received from the Corporation in an amount equal to the difference, if any, between (a) the principal amount of Series FF Bonds maturing on such July 1 and (b) the amount of money then on deposit in the Series FF Principal Account available to pay the principal of the Series FF Bonds. Moneys on deposit in the Series FF Principal Account shall be used by the Trustee to pay the principal of the Series FF Bonds when due.

***No Recourse***. No recourse shall be had for the payment of the principal of or interest on any of the Series FF Bonds or for any claim based thereon, or upon any obligation, covenant or agreement in the Indenture contained, against any past, present or future officer, employee, agent, representative or trustee of the Corporation, or any incorporator, officer, director or trustee of any successor corporation, as such, either directly or through the Corporation or any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise.

**Transfer and Exchange of Series FF Bonds**

For so long as the Series FF Bonds are registered in the name of DTC or its nominee or its successor, the transfer and exchange procedures shall be as described above under "Book-Entry-Only System;" otherwise, the transfer and exchange procedures shall be as described below under "Revision of Book-Entry-Only System; Replacement Series FF Bonds."

**Revision of Book-Entry-Only System; Replacement Series FF Bonds**

The Trustee serves as the Bond Registrar for the Series FF Bonds pursuant to the Indenture. In the event (i) the Trustee receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a securities depository for the Series FF Bonds, or (ii) the Corporation elects to discontinue its use of DTC as a securities depository for the Series FF Bonds and in either case the Corporation does not appoint an alternate securities depository, then the Corporation and/or the Trustee will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the Owners of such Series FF Bonds, as are necessary or appropriate to discontinue use of DTC as a securities depository for such Series FF Bonds and to transfer the ownership of each of such Series FF Bonds to such person or persons, including any other securities depository, as the Owner of such Series FF Bonds may direct in accordance with the Indenture. Upon the occurrence of either event, if ownership of the Series FF Bonds is transferred to the Owners, the Trustee will execute and deliver to the Owners of such Series FF

Bonds fully registered replacement Series FF Bonds ("Replacement Series FF Bonds") in the denomination of $5,000 or integral multiples of that amount. The expenses of any such transfer, including the printing of certificates for Replacement Series FF Bonds, will be paid by the Corporation.

The principal of the Replacement Series FF Bonds will be payable at the corporate trust operations office of the Trustee and interest on the Replacement Series FF Bonds will be paid to the registered owners appearing in the Bond Register kept by the Trustee, as registrar, as described under "Payment of Principal and Interest on the Series FF Bonds" above.

Upon surrender for transfer or exchange of any of the Series FF Bonds at the corporate trust operations office of the Bond Registrar, the Corporation shall execute, and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees, a new fully registered Series FF Bond or Series FF Bonds of the same maturity of authorized denominations for a like aggregate principal amount. Any Series FF Bond or Series FF Bonds may be exchanged at said office of the Bond Registrar for a like aggregate principal amount of any Series FF Bond or Series FF Bonds of the same maturity of other authorized denominations. The Trustee will not be required to transfer or exchange any Series FF Bond after notice calling such Series FF Bond or portion thereof for redemption has been mailed or during the period of 15 days prior to the mailing of a notice of redemption of any Series FF Bond of the same maturity. No service charge or payment shall be required to be made by the Owner of any Series FF Bond requesting an exchange, registration or transfer of any Series FF Bond, but the Corporation, the Trustee and the Bond Registrar may require payment of a sum sufficient to cover any tax, fee or other governmental charge required to be paid with respect to such exchange, registration or transfer. For a more detailed description, see "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

## SECURITY AND SOURCES OF PAYMENT FOR STUDENT FEE BONDS

The Series FF Bonds are limited obligations of the Corporation secured by and payable solely from a pledge of and first lien on Student Fees, as provided in the Indenture, payments to the Corporation from Qualified Swap Providers pursuant to Qualified Swap Agreements (if any), and moneys on deposit in certain funds pledged under the Indenture (collectively the "Pledged Funds"). The Corporation has not entered into any Qualified Swap Agreements and has no present intention to enter into any Qualified Swap Agreements. The Series FF Bonds are not a general obligation, debt or liability, or a charge against any property or fund of the Corporation or the State of Indiana, and no recourse shall be had for the payment of the principal of or interest on the Series FF Bonds against the State of Indiana or the Corporation, except to the extent of the Pledged Funds. The following sections regarding security for the Student Fee Bonds summarize certain provisions of the Indenture. For a complete summary of the provisions of the Indenture relating to the security for the Series FF Bonds, see "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

### Student Fees

"Student Fees" means all academic fees (including tuition), however denominated, assessed by the Corporation against students attending Purdue University, except fees which may be subsequently released from the lien of the Indenture, as provided therein. See "SUMMARY

OF CERTAIN PROVISIONS OF THE INDENTURE -- Partial Release of Lien on Student Fees."

The Corporation has covenanted and agreed in the Indenture to pay the Trustee, on or before each Interest Payment Date, Student Fees sufficient to pay the principal of and interest due on the Series FF Bonds. Such amounts will be deposited in the Sinking Fund. Student Fees, prior to their deposit with the Trustee as required by the Indenture, may be used as general operating funds of the Corporation.

The Corporation has irrevocably pledged Student Fees to the payment of the principal of and interest on the Series FF Bonds. The pledge of Student Fees for the Series FF Bonds and any other obligations issued on a parity with the Series FF Bonds shall constitute a first lien on and security interest in Student Fees. See "SECURITY AND SOURCES OF PAYMENT FOR STUDENT FEE BONDS -- Issuance of Additional Bonds" and "-- Outstanding Student Fee Bonds."

Purdue University Global is a separate legal entity and the tuition and student fees it charges to and collects from its students do **not** constitute "Student Fees" within the meaning of the Indenture for purposes of securing the Student Fee Bonds or providing a source of payment for the Student Fee Bonds.

**Reserve Fund**

While a Reserve Fund has been established pursuant to the Indenture, no Reserve Fund Requirement (as hereinafter defined) exists for the Series FF Bonds (or any other Student Fee Bonds which are Outstanding). Accordingly, the Series FF Bonds will have no claim on the Reserve Fund. However, the Corporation may issue Additional Bonds at some later date which will have a claim on the Reserve Fund in the manner prescribed in the Indenture. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE--Flow of Funds."

**Fee Covenant**

The Corporation has agreed to establish and collect Student Fees so as to generate in each Fiscal Year amounts equal to no less than the sum of:

(a) An amount equal to 1.0 times the Annual Debt Service Requirement for such Fiscal Year; provided that if the rate of interest borne by any Variable Rate Bond is fixed for such Fiscal Year at a single rate of interest, such Variable Rate Bond shall be treated as a Fixed Rate Bond for purposes of the Annual Debt Service Requirement calculation;

(b) The amount, if any, to be paid into the Reserve Fund or to be paid to any Reserve Fund Insurer or the provider of any other Reserve Fund Credit Instrument with respect to such Fiscal Year; and

(c) Any other amounts to be paid from Student Fees with respect to such Fiscal Year in accordance with the Indenture.

The Corporation also covenants to adopt an annual budget for each Fiscal Year which will set forth the estimated Annual Debt Service Requirement, any required deposits to the

Reserve Fund or any other moneys to be paid from Student Fees in accordance with the Indenture.

**Issuance of Additional Bonds**

Additional Bonds may be authorized by the Board of Trustees of the Corporation, executed by the Corporation, authenticated by the Trustee and issued under the Indenture from time to time in order to provide funds for any lawful purpose under the Act. Additional Bonds may be Parity Bonds or Subordinated Bonds. Parity Bonds means Additional Bonds which are secured by a pledge, assignment, and grant of a security interest and first lien against the Pledged Funds, except as otherwise may be provided in regard to the Reserve Fund. Subordinated Bonds means those Additional Bonds issued under the Indenture which are subordinated pursuant to the Indenture to the Parity Bonds as to principal and interest repayment.

Additional Bonds may be issued from time to time by the Corporation if actual Student Fees received by the Corporation during the preceding Fiscal Year shall be equal to or greater than 1.0 times the Maximum Annual Debt Service to become due in the succeeding Fiscal Years for the payment of principal and interest charges on the Outstanding Parity Bonds under the Indenture and on the Parity Bonds then to be authenticated and delivered. In addition, Additional Bonds may be authorized and executed by the Corporation and authenticated and delivered by the Trustee without the necessity for compliance with the aforementioned test when necessary or appropriate, in the opinion of the Trustee, to avoid a default under the Indenture.

Additional Bonds may be issued under the Indenture specifically to evidence liability of the Corporation in favor of any entity providing a Credit Support Instrument. Whether such Additional Bonds are Parity Bonds or Subordinated Bonds shall depend on the ability of the Corporation in regard to those Additional Bonds to meet the "1.0 times" test described above at the time when funds are advanced pursuant to such Credit Support Instrument and not immediately reimbursed by the Corporation, provided that Parity Bonds purchased by the provider of a Credit Support Instrument pursuant to its terms shall continue to be Parity Bonds. If such test cannot be met, the Additional Bonds will be Subordinated Bonds and the rights of the holders to receive principal thereof and interest thereon shall be subordinated to the Owners of all Parity Bonds.

In addition, the Corporation may issue bonds or other evidences of indebtedness, for any of the purposes described above, with a lien which is junior to the Student Fee Bonds in all respects.

All computations regarding debt service and Student Fees shall be made by the Treasurer of the Corporation. Compliance with the Indenture will be conclusively evidenced to the Trustee by a certificate of the Treasurer of the Corporation.

**Outstanding Student Fee Bonds**

The pledge of Student Fees as security for the payment of the Series FF Bonds shall be of equal standing and priority of lien with the pledge of Student Fees for the following obligations of the Corporation payable from Student Fees:

| Obligation | Delivery Date | Final Maturity | Original Amount Issued | Amount Outstanding as of April 1, 2022 |
|---|---|---|---|---|
| Series U Bonds | July 20, 2005 | July 1, 2022 | $35,200,000 | $2,990,000 |
| Series Z-2 Bonds | November 23, 2010 | July 1, 2035 | 100,705,000 | 73,615,000 |
| Series AA Bonds[1] | August 9, 2012 | July 1, 2032 | 54,555,000 | 36,135,000 |
| Series BB-1 Bonds | January 7, 2015 | July 1, 2034 | 48,630,000 | 24,300,000 |
| Series BB-2 Bonds | January 7, 2015 | July 1, 2032 | 18,985,000 | 12,480,000 |
| Series CC Bonds | May 26, 2016 | July 1, 2036 | 121,885,000 | 101,425,000 |
| Series DD Bonds | September 18, 2018 | July 1, 2038 | 90,135,000 | 79,680,000 |
| Series EE Bonds | May 27, 2020 | July 1, 2037 | 112,140,000 | 106,215,000 |

[1] The Refunded Bonds will be redeemed on July 1, 2022, following which the Series AA Bonds will no longer be outstanding.

The Act further provides general authorization for the incurrence of indebtedness by the Corporation, for miscellaneous purposes, subject to approvals from the General Assembly (unless, after the issuance thereof, the total amount of outstanding bonds issued by the Corporation without General Assembly approval will not exceed $2,000,000), the Governor, the State Budget Committee and State Budget Agency. As of April 1, 2022, the Corporation has no indebtedness outstanding which does not have General Assembly approval.

The Act also provides for the incurrence of indebtedness by the Corporation to finance qualified energy savings projects, subject to any necessary approvals from the Governor, the State Budget Committee and State Budget Agency, if annual operating savings arising from the project are reasonably expected to be at least equal to annual debt service requirements on the indebtedness.

## DEBT SERVICE COVERAGE

The following debt service coverage summary is based on Student Fees for the Fiscal Years ended June 30, 2021 and June 30, 2020, and the Maximum Annual Debt Service on all Outstanding Student Fee Bonds, after giving effect to the issuance of the Series FF Bonds.

| | 2021 | 2020 |
|---|---|---|
| | (in thousands) | |
| Student Fees[1] | $885,081 | $865,137 |
| Coverage[2] | 16.29x | 15.92x |

[1] Excludes fees charged and collected by Purdue University Global, which do not constitute Student Fees.
[2] Maximum Annual Debt Service (in thousands) (FY 2023) ($54,338,715).

## ANNUAL DEBT SERVICE REQUIREMENTS

The aggregate Annual Debt Service Requirements for all Student Fee Bonds, after giving effect to the issuance of the Series FF Bonds, are as follows:

| Fiscal Year Ending June 30 | Series U Bonds | Series Z-2 Bonds [1] | Series AA Bonds [2] | Series BB-1 Bonds | Series BB-2 Bonds | Series CC Bonds | Series DD Bonds | Series EE Bonds | Series FF Bonds | Total [3] |
|---|---|---|---|---|---|---|---|---|---|---|
| 2023 | $3,068,488 | $7,718,778 | $2,613,750 | $4,015,875 | $1,380,634 | $15,939,850 | $6,991,875 | $11,809,125 | $ 800,340 | $54,338,715 |
| 2024 | | 7,662,587 | | 4,015,875 | 1,382,959 | 15,904,850 | 6,983,875 | 11,807,375 | 3,873,650 | 51,631,170 |
| 2025 | | 8,316,058 | | 4,008,375 | 1,377,754 | 15,905,225 | 6,983,000 | 9,867,875 | 3,878,750 | 50,337,037 |
| 2026 | | 8,536,312 | | 3,998,250 | 1,373,607 | 15,888,975 | 6,978,750 | 9,643,000 | 3,876,125 | 50,295,018 |
| 2027 | | 8,446,262 | | 3,990,125 | 1,375,938 | 15,387,350 | 6,975,750 | 9,640,125 | 3,874,500 | 49,690,050 |
| 2028 | | 8,338,905 | | 1,087,750 | 1,376,854 | 15,010,000 | 6,968,625 | 9,628,375 | 3,871,000 | 46,281,509 |
| 2029 | | 8,226,310 | | 1,084,375 | 1,376,355 | 10,129,325 | 6,966,875 | 9,622,125 | 3,875,125 | 41,280,490 |
| 2030 | | 8,113,088 | | 1,092,375 | 1,374,442 | 2,237,000 | 6,960,000 | 9,620,375 | 3,876,375 | 33,273,654 |
| 2031 | | 8,003,590 | | 1,087,325 | 1,374,331 | 2,233,125 | 6,952,625 | 9,607,500 | 3,874,500 | 33,132,996 |
| 2032 | | 5,580,277 | | 1,096,450 | 1,370,874 | 2,235,250 | 6,944,250 | 9,602,750 | 3,874,125 | 30,703,977 |
| 2033 | | 5,499,714 | | 1,085,625 | 1,370,609 | 2,233,125 | 6,944,125 | 9,590,250 | 3,879,625 | 30,603,073 |
| 2034 | | 5,410,616 | | 2,381,000 | | 2,226,750 | 6,936,625 | 9,584,125 | | 26,539,116 |
| 2035 | | 5,322,717 | | 902,000 | | 2,225,875 | 6,926,375 | 9,573,375 | | 24,950,342 |
| 2036 | | 5,225,750 | | | | 2,225,125 | 6,922,625 | 9,562,125 | | 23,935,625 |
| 2037 | | | | | | 2,224,250 | 6,914,625 | 9,549,375 | | 18,688,250 |
| 2038 | | | | | | | 6,906,750 | 871,250 | | 7,778,000 |
| 2039 | | | | | | | 6,898,250 | | | 6,898,250 |

[1] Not reduced by federal subsidy payments for Build America Bonds.

[2] Excludes the Refunded Bonds and includes only the Series AA Bonds maturing on July 1, 2022.

[3] Totals may not sum due to rounding.

## PLAN OF FINANCE

The Series FF Bonds are being issued (i) to finance the refunding of the Refunded Bonds, and (ii) to pay costs of issuance of the Series FF Bonds.

### The Refunding

The Series FF Bonds are being issued in part for the purpose of financing the current refunding in part of the Corporation's outstanding Series AA Bonds, maturing on July 1, 2023 through and including July 1, 2032 (referred to herein as the "Refunded Bonds"). The Refunded Bonds will be redeemed on a call date of July 1, 2022, at a redemption price of 100% of the principal amount to be redeemed, without any premium, plus accrued interest to the redemption date.

The Prior Projects financed or refinanced by proceeds of the Refunded Bonds included:

Prior Projects Financed by Series AA Bonds

Drug Discovery: The construction of a new Drug Discovery facility on the West Lafayette campus.

Health and Human Sciences: The construction of a new Health and Human Sciences Research Facility on the West Lafayette campus, as part of the Life and Health Sciences Quad.

Student Fitness and Wellness: The renovation and improvement to the 1957 Recreational Sports Center at the West Lafayette campus.

Repair and Replacement Projects: Repair and replacement projects on the West Lafayette campus.

## ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds related to the issuance of the Series FF Bonds are summarized below:

| | |
|---|---|
| Sources of Funds: | |
| Principal Amount of Series FF Bonds | $30,550,000 |
| Original Issue Premium | 3,324,060 |
| Equity Contribution[1] | 747,269 |
| Total Sources of Funds | $34,621,329 |
| Uses of Funds: | |
| Deposit for the Refunding | $34,332,269 |
| Underwriters' Discount | 63,258 |
| Costs of Issuance | 225,802 |
| Total Uses of Funds | $34,621,329 |

[1]The contribution from the Corporation toward the refunding of the Refunded Bonds represents the accrued interest coming due on the Refunded Bonds on the call date of July 1, 2022.

## SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture not otherwise discussed in this Official Statement.

### Definitions

For purposes of this Official Statement, the following terms will have the meaning specified below unless the context clearly indicates otherwise.

"Additional Bonds" means additional Parity or Subordinated Bonds authorized to be issued under the Indenture and any Student Fee Bonds issued in substitution or replacement for them and excludes junior lien obligations as described in the Indenture.

"Annual Debt Service Requirement" for any Fiscal Year means, in connection with all Parity Bonds, the sum of (i) an amount equal to the amount of regularly scheduled principal or mandatory sinking fund payments and interest due in such Fiscal Year on Fixed Rate Bonds (excluding principal of any balloon maturity and excluding any Optional Tender), (ii) the amount of principal and interest projected to become due in such Fiscal Year on Variable Rate Bonds (excluding principal of any balloon maturity and any Optional Tender), and (iii) an amount equal to the principal amount of a balloon maturity after the Fiscal Year in question divided by the number of years to maturity from its date of original issuance or from such later date in or prior to the Fiscal Year in question as specified in the Supplemental Indenture authorizing the issuance of such balloon maturity. Such projection of interest on Variable Rate Bonds shall be calculated at any date of calculation as an amount equal to 110% of the greater of (a) the average daily interest rate during the then preceding twelve month period or (b) the rate in effect on the date of calculation, but in either event, not to exceed any maximum interest rate which may be set for any Variable Rate Bonds. Interest which is payable from the proceeds of Student Fee Bonds set aside for such purpose in the Sinking Fund shall be excluded in determining the Annual Debt Service Requirement. For purposes of this definition, "balloon maturity" shall mean Student Fee Bonds of any series (or multiple series of Student Fee Bonds issued at substantially the same time) with principal amounts maturing or otherwise due and payable within any twelve month period equal to or greater than fifteen percent of the original principal amount of such Student Fee Bonds; provided that, in calculating the amount due and payable in any twelve month period, such principal amount shall be reduced to the extent that all or any portion of such amount is required to be amortized prior to such twelve month period; and provided further that for any balloon maturity the Corporation may elect to waive the provisions of clause (iii) above for any one or more series of Student Fee Bonds at the time of delivery thereof and treat such one or more series of Student Fee Bonds as if such balloon maturity was not a balloon maturity for the purposes of the application of this definition. The maturing amount of any Student Fee Bonds issued at a discount shall not be considered a balloon maturity unless the original principal amount of such Student Fee Bonds would be considered a balloon maturity. For any Student Fee Bonds with respect to which the Corporation has entered into a Qualified Swap Agreement or Agreements, the amount of all Qualified Swap Payments shall be considered in the calculation of Annual Debt Service Requirements in lieu of the payments described in clauses (i) through (iii) above; provided that such Qualified Swap shall be in effect for the entire Fiscal Year (or bond year, as the case may be) to which such calculation applies, and that Qualified Swap Agreements applicable to less than the full Fiscal Year (or bond year, as the case may be) shall not alter the calculation of the Annual Debt Service Requirement for such period. Qualified Swap Payments payable at a variable rate per annum shall be calculated on the same basis as Variable Rate Bonds for purposes of the application of various provisions under the Indenture, subject to any applicable interest rate floor or cap with respect to such variable rate.

"Business Day" means mean any day other than (i) a Saturday or a Sunday or a legal holiday or a day on which banking institutions in the city in which the designated corporate trust office of the Trustee is located are required or authorized by law or executive order to close or (ii) a day on which the New York Stock Exchange is closed.

"Credit Support Instrument" means an irrevocable letter of credit, line of credit, insurance policy, guaranty or surety bond or similar instrument providing for the payment of or guaranteeing the payment of principal or purchase price of and interest on Student Fee Bonds when due. Any such insurance policy, guaranty or surety bond or similar instrument shall be noncancellable during the term of the Student Fee Bonds for which it is provided and must be issued by an insurer with a credit rating within the two highest full rating categories available generally to issuers of such insurance, guaranties or surety bonds from a nationally recognized rating service. Any obligation on the part of the Corporation to purchase Student Fee Bonds from their holders upon the completion of the term of such Credit Support Instrument shall be treated for these purposes as the conclusion of the term of such Student Fee Bonds. Any such letter of credit or line of credit must be issued by a banking institution which has, or the parent of which has, or the holding corporation of which it is the principal bank has, at the time of issuance, a credit rating on its long-term unsecured debt within the three highest full rating categories generally available to banking institutions from a nationally recognized rating service.

"Escrowed Municipals" means obligations of state and local governments secured by an irrevocable escrow of Federal Securities.

"Federal Securities" means securities of the type described in Item 1 of the definition of "Permitted Investments."

"Fiscal Year" means the period commencing on the first day of July of any year and ending on the last day of June of the next succeeding year or such other period as established by the Corporation from time to time.

"Fixed Rate Bond" means a Student Fee Bond issued at or bearing a fixed rate or rates of interest.

"Maximum Annual Debt Service" means the highest Annual Debt Service Requirement for the current or any succeeding Fiscal Year.

"Optional Tender" or "Optional Tenders" means Parity Bonds which may, at the option of the owners thereof, be subject to payment, redemption or purchase by or on behalf of the Corporation.

"Outstanding" or "Bonds Outstanding" means all Student Fee Bonds which have been duly authenticated, and delivered by the Trustee under the Indenture, except:

(a) Student Fee Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Student Fee Bonds for the payments or redemption of which cash or investments (but only to the extent that the full faith and credit of the United States of America are pledged to or secure the timely payment thereof) shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Student Fee Bonds) in the manner and with the type of investments provided in the Indenture; provided that if such Student Fee Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee, shall have been filed with the Trustee; and

(c) Student Fee Bonds in lieu of which others have been authenticated under the Indenture.

"Parity Bonds" means the Series U Bonds, Series Z-2 Bonds, Series AA Bonds, Series BB Bonds, Series CC Bonds, Series DD Bonds, Series EE Bonds, Series FF Bonds and all Additional Bonds which are secured by a pledge, assignment and grant of a first lien and security interest against the Pledged Funds, except as otherwise provided with respect to the Reserve Fund.

"Parity Obligations" means Parity Bonds and Qualified Swap Payments.

"Paying Agent" means the Trustee, acting as such pursuant to the Thirty-Third Supplemental Indenture, and any additional paying agent for the Series FF Bonds appointed pursuant to the Thirty-Third Supplemental Indenture, their respective successors and any other corporation which may at any time be substituted in their respective places pursuant to the Indenture.

"Permitted Investments" means, with respect to moneys held by the Trustee, any of the following which at the time are legal investments under the laws of the State of Indiana for the moneys proposed to be invested therein:

1. Direct obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America;

2. Escrowed Municipals;

3. Bonds, debentures or notes or other evidences of indebtedness issued or guaranteed by any of the following agencies: Export-Import Bank of the United States; Federal National Mortgage Association; Government National Mortgage Association; Federal Financing Bank; Federal Intermediate Credit Bank; Bank for Cooperatives; Federal Land Bank; Federal Home Loan Bank; Farmers Home Administration; Federal Farm Credit Banks; and The Federal Home Loan Mortgage Association;

4. Certificates of deposit issued by, or interest bearing time deposit accounts with, banks or savings banks organized under the laws of the State of Indiana or the United States of America, including the Trustee, which banks or savings banks have capital surplus and undivided profits in excess of $50,000,000 (provided that no such deposit or certificate shall be in excess of 10% of such capital, surplus and undivided profits);

5. Repurchase agreements with banks or other financial institutions, including the Trustee, which are fully collateralized by obligations described in clauses (1) or (3) based upon market value, which obligations are in the possession of the Trustee or its agent and are free and clear of all security interests, liens or other rights of any third party, and in which obligations the Trustee has a first, perfected security interest; provided, that any financial institution which is a broker-dealer must be a member of the Securities Investor Protection Corporation; and

6. Investment agreements which are issued by banks, insurance companies or other financial service providers who are, or which agreements are, at the time of issuance, execution and delivery of such agreements, rated in the two highest full rating categories by Moody's Investors Service, Inc. and Standard & Poor's Ratings Group.

"Pledged Funds" means Student Fees and Qualified Swap Receipts, the proceeds thereof, the Corporation's right to receive the same, and all Funds held by the Trustee pursuant to the Indenture.

"Prior Projects" means the projects financed or refinanced using proceeds of the Refunded Bonds, as described in Appendix E hereto.

"Qualified Counterparty" means a financial services institution whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability, or whose payment obligations, under a Qualified Swap are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or who was provided collateral such that its claims paying ability is rated (at the time the subject Qualified Swap is entered into) at least as high as A by Moody's Investors Service, Inc. and A by Standard & Poor's Ratings Group, or the equivalent thereof by any successor thereto.

"Qualified Swap" or "Qualified Swap Agreement" means any financial arrangement (i) that is authorized under applicable state law; (ii) that is entered into by the Corporation with an entity that is a Qualified Counterparty at the time the arrangement is entered into; (iii) which constitutes an agreement (including any combination of agreements or a master agreement, each of which may include terms and conditions incorporated by reference therein) which is a rate swap agreement, basis swap, forward rate agreement, interest rate option, rate cap agreement, rate floor agreement, rate collar agreement, or any other similar agreement (including any option to enter into the foregoing); (iv) which is entered into pursuant to terms set forth in the Indenture and in an Indenture supplemental thereto; and (v) which has been designated in writing to the Trustee by an authorized representative of the Corporation as a Qualified Swap.

"Qualified Swap Payments" means payments to be made by the Corporation to a Qualified Swap Provider under a Qualified Swap, including Termination Payments thereunder.

"Qualified Swap Provider" means any Qualified Counterparty with whom the Corporation has entered into a Qualified Swap.

"Qualified Swap Receipts" means payments to the Corporation by a Qualified Swap Provider under a Qualified Swap.

"Rebate Agreement" means the Construction and Rebate Agreement between the Corporation and the Trustee, dated as of April 15, 2020.

"Refunded Bonds" means the outstanding principal amount of the Corporation's Series AA Bonds, maturing on July 1, 2023 through and including July 1, 2032, all as described in Appendix D hereto.

"Reserve Fund Credit Instrument" means an insurance policy, guaranty, or surety bond or irrevocable letter of credit which may be deposited in the Reserve Fund in lieu of or in partial substitution for cash to be on deposit therein. The company providing such insurance policy, guaranty, or surety bond will be an insurer which, at the time of issuance of the policy, guaranty, or surety bond, has been assigned the highest rating accorded insurers by Moody's Investors Service, Inc. or any successor rating service, and the policy will be subject to the irrevocable right of the Trustee to draw thereon in a timely fashion as needed and provided in the Indenture upon satisfaction of any conditions set forth in the Indenture. Any irrevocable letter of credit shall be payable to and deposited with the Trustee and will be issued by a banking institution which has, or the parent of which has, or the holding corporation of which it is the principal bank has, at the time of issuance, a credit rating on its long-term unsecured debt within the three highest rating categories from a nationally recognized rating service.

"Reserve Fund Requirement" means Maximum Annual Debt Service; provided however, that the Annual Debt Service Requirement on any Student Fee Bonds which do not have access to or a claim on the Reserve Fund pursuant to the Indenture (including the Outstanding Student Fee Bonds and the Series FF Bonds) will be excluded from the calculation of the Reserve Fund Requirement and provided further that for purposes of Maximum Annual Debt Service on any Variable Rate Bonds for which there is a Reserve Fund Requirement, notwithstanding the formula for calculation of interest on Variable Rate Bonds found in the definition of Annual Debt Service Requirement, interest on such Variable Rate Bonds will be calculated at a rate equal to the rate quoted in the most recent issue of The Bond Buyer (or any successor publication thereto) on the sale date of any Additional Bonds as the 25 Revenue Bond Index (or any successor index).

"Series U Bonds" means the Purdue University Student Fee Bonds, Series U, in the initial aggregate principal amount of Thirty-Five Million Two Hundred Thousand Dollars ($35,200,000), and any Student Fee Bonds in substitution or replacement therefor.

"Series Z-2 Bonds" means the Taxable Purdue University Student Fee Bonds, Series Z-2 (Build America Bonds – Direct Pay Option), in the initial aggregate principal amount of One Hundred Million Seven Hundred Five Thousand Dollars ($100,705,000), and any Student Fee Bonds in substitution or replacement therefor.

"Series AA Bonds" means the Purdue University Student Fee Bonds, Series AA, in the initial aggregate principal amount of Fifty-Four Million Five Hundred Fifty-Five Thousand Dollars ($54,555,000), and any Student Fee Bonds in substitution or replacement therefor.

"Series BB Bonds" means, collectively, the Series BB-1 Bonds and the Series BB-2 Bonds.

"Series BB-1 Bonds" means the Tax-Exempt Purdue University Student Fee Bonds, Series BB-1, in the initial aggregate principal amount of Forty-Eight Million Six Hundred Thirty Thousand Dollars ($48,630,000), and any Student Fee Bonds in substitution or replacement therefor.

"Series BB-2 Bonds" means the Taxable Purdue University Student Fee Bonds, Series BB-2, in the initial aggregate principal amount of Eighteen Million Nine Hundred Eighty-Five Thousand Dollars ($18,985,000), and any Student Fee Bonds in substitution or replacement therefor.

"Series CC Bonds" means the Purdue University Student Fee Bonds, Series CC, in the initial aggregate principal amount of One Hundred Twenty-One Million Eight Hundred Eighty-Five Thousand Dollars ($121,885,000), and any Student Fee Bonds in substitution or replacement therefor.

"Series DD Bonds" means the Purdue University Student Fee Bonds, Series DD, in the initial aggregate principal amount of Ninety Million One Hundred Thirty-Five Thousand Dollars ($90,135,000), and any Student Fee Bonds in substitution or replacement therefor.

“Series EE Bonds” means the Purdue University Student Fee Bonds, Series EE, in the initial aggregate principal amount of One Hundred Twelve Million One Hundred Forty Thousand Dollars ($112,140,000), and any Student Fee Bonds in substitution or replacement therefor.

“Series FF Bonds” means the Purdue University Student Fee Bonds, Series FF, in the initial aggregate principal amount of $30,550,000, and any Student Fee Bonds in substitution or replacement therefor.

“Student Fees” means all academic fees (including tuition), however denominated, assessed by the Corporation against students attending Purdue University, except fees which may be subsequently released from the lien of the Indenture, as provide therein.

“Student Fee Bond” or “Student Fee Bonds” means any obligation including bonds, notes, temporary, interim or permanent certificates of indebtedness, debentures, capital leases, or any and all other obligations consistent with the Indenture and allowable under the laws of the State of Indiana, which are payable out of Student Fees and other Pledged Funds and which obligation or obligations are authenticated and delivered under and pursuant to the Indenture.

“Subordinated Bonds” means those Additional Bonds issued under the Indenture that are subordinated pursuant to the Indenture to other Student Fee Bonds as to principal and interest repayment.

“Termination Payment” means termination payments the amount of and due date for which have been ascertained by reference to a Qualified Swap Agreement.

“Variable Rate Bond” means any Student Fee Bond the interest rate on which, at the time of issuance, is not established at a fixed numerical rate or rates to stated maturity.

**Flow of Funds**

***Sinking Fund***. The Corporation will maintain with the Trustee a separate fund known as the Sinking Fund (“Sinking Fund”) pursuant to the Indenture. Within the Sinking Fund the Trustee will establish and maintain so long as any Series FF Bonds are Outstanding separate accounts known as the Series FF Principal Account and the Series FF Interest Account for the Series FF Bonds. On or before each interest or principal payment date on the Series U Bonds, the Series Z-2 Bonds, the Series AA Bonds, the Series BB Bonds, the Series CC Bonds, the Series DD Bonds, the Series FF Bonds and any additional Parity Bonds (except for any Optional Tenders for which a Credit Support Instrument has been provided), the Corporation will transfer and remit Student Fees to the Trustee by wire transfer in immediately available funds for deposit in the Sinking Fund in an amount which, when added to any amount then in the Sinking Fund, equals the amount of such principal and interest on all Parity Bonds becoming due on such interest or principal payment date (other than Optional Tenders for which a Credit Support Instrument is provided) and any deficiencies then in existence in regard to the Sinking Fund. On or before any interest or principal payment date on Subordinated Bonds or Optional Tenders for which a Credit Support Instrument was provided but which was not paid through a Credit Support Instrument, after making the transfers required above and described in the paragraph below concerning the Reserve Fund, the Corporation will transfer and remit Student Fees to the

Trustee by wire transfer in immediately available funds for deposit in the special account therefor in the Sinking Fund, in an amount which, when added to any amount in said special account and other funds legally available for that purpose, equals the principal amount of Subordinated Bonds or Optional Tenders not paid through a Credit Support Instrument due on that payment date and interest accrued to that date in the order of priority established by the applicable supplemental indenture. Payments of such Optional Tenders from the Sinking Fund will be subordinate to the payment of the principal of and interest on any Parity Bonds.

***Reserve Fund***. The Corporation will maintain with the Trustee a separate fund known as the Reserve Fund (the "Reserve Fund") pursuant to the Indenture. ***No Reserve Fund Requirement exists for any Outstanding Student Fee Bonds or for the Series FF Bonds, and the Outstanding Student Fee Bonds and the Series FF Bonds do not have, and will not have, any claim on the Reserve Fund.*** However, the Corporation may issue Parity Bonds at a later date which have a claim on the Reserve Fund. In connection with the issuance of such Parity Bonds the Corporation will deposit in the Reserve Fund an amount necessary to satisfy the Reserve Fund Requirement resulting from the issuance thereof. Such deposit requirement in connection with the issuance of Parity Bonds may also be satisfied by providing in supplemental indentures that annual deposits may be made commencing on the October 1 following the date on which said Parity Bonds are issued and continuing on or before each October 1 thereafter for the 3 succeeding years or such lesser number of years specified in the supplemental indenture. Said deposits will equal, after taking into account any other monies deposited in the Reserve Fund on the day of delivery and payment for such series of Parity Bonds, an amount equal to the initial unfunded Reserve Fund Requirement divided by the total number of annual deposits to be made. Except as provided below the Corporation may elect to provide a Reserve Fund Credit Instrument for purposes of maintaining the Reserve Fund Requirement. In those circumstances the Trustee will include in the total amount held in the Reserve Fund an amount equal to the maximum principal amount which could be drawn by the Trustee under all Reserve Fund Credit Instruments.

From time to time Parity Bonds may be issued under the Indenture which will have no claim on the Reserve Fund. No Reserve Fund Requirement will exist for such Parity Bonds.

The Reserve Fund will be used and applied to make up deficiencies in the Sinking Fund with respect to any Parity Bonds which have a claim on the Reserve Fund (other than Optional Tenders for which a Credit Support Instrument has been provided), and the Trustee will draw first on any cash or Permitted Investments on deposit in the Reserve Fund and then pro rata, or as otherwise provided in the applicable supplemental indenture, on the Reserve Fund Credit Instrument or Reserve Fund Credit Instruments as needed for the purpose of paying the principal of, redemption premium, if any, and interest on any such Parity Bonds when due, when there are insufficient moneys in the Sinking Fund for such purpose.

Any withdrawal from the Reserve Fund of money on deposit therein will be subsequently replaced and restored from the first available Pledged Funds after all required transfers to the Sinking Fund have been made in full if the amount thereafter in the Reserve Fund is less than the Reserve Fund Requirement. Such replacement and restoration will first be provided in regard to the Reserve Fund Credit Instrument or Reserve Fund Credit Instruments on a pro rata basis and thereafter in favor of any portion of the Reserve Fund to be maintained in cash or Permitted Investments.

If a drawing is made from any Reserve Fund Credit Instrument, the Corporation will reinstate the maximum limits of such Reserve Fund Credit Instrument within 12 months following such drawing solely from Pledged Funds available after all required payments have been made into the Sinking Fund, so that, together with moneys on deposit therein, if any, there will be on deposit in the Reserve Fund an amount (including the maximum amount then payable under the terms of the Reserve Fund Credit Instrument) equal to the Reserve Fund Requirement.

***Series AA Sinking Fund.*** Pursuant to the Rebate Agreement, the Corporation will establish a separate fund to be known as the Series AA Sinking Fund (the "Series AA Sinking Fund"), into which a portion of the proceeds of the Series FF Bonds will be deposited to be used by the Corporation for the purposes of refunding the Refunded Bonds.

> Expense Account. The Corporation will establish a separate account in the Series FF Project Fund to be known as the "Expense Account," to the credit of which a deposit shall be made from the proceeds of the Series FF Bonds. Moneys on deposit in the Expense Account will be applied to pay certain costs of issuing the Series FF Bonds. Any moneys remaining in the Expense Account after on December 15, 2022 will be transferred to the Series FF Interest Account of the Sinking Fund.

> Refunding Account. The Corporation will establish a separate account in the Series FF Project Fund to be known as the "Refunding Account," to the credit of when a deposit shall be made from the proceeds of the Series FF Bonds, together with a deposit of Corporation funds. Moneys on deposit in the Refunding Account will be transferred immediately to the Series AA Sinking Fund and transferred immediately by the Trustee to the Escrow Trustee to be allocated in the manner provided in the Escrow Agreement.

Moneys on deposit in the Series AA Sinking Fund and all the Accounts thereof will be invested in accordance with the provisions of the Rebate Agreement, and income or losses resulting from such investments will be credited or debited to the Earnings Account.

**Additional Security**

At any time by a supplemental indenture the Corporation may pledge, assign or grant a security interest in or lien on any additional funds or source of regular income of the Corporation to the Trustee for the security of the Student Fee Bonds, which shall be free and clear of any equal or prior security interest or lien. Any such supplemental indenture will be accompanied by an opinion of nationally recognized bond counsel that the pledge of additional security is valid, binding and effective. Upon such a supplemental indenture being delivered, the amount of the additional income as to which the supplemental indenture applies will be added to the amount of Student Fees for purposes of computing the amount of Additional Bonds which may be issued.

**Partial Release of Lien on Student Fees**

The Corporation, from time to time, will have the right to incur other indebtedness pursuant to the provisions of Indiana law (other than the Act), which indebtedness may be payable from a particular fee or fees or other charges made to students attending Purdue University which fees or charges may be Student Fees. The Corporation and Trustee may enter into an amendatory or supplemental indenture for the purpose of releasing said fees or charges from the lien of the Indenture and excluding said fees or charges constituting Student Fees from the definition of Student Fees in the Indenture, if actual Student Fees received by the Corporation during the preceding Fiscal Year, less those fees and charges to be removed from the definition of Student Fees and from the lien of the Indenture, are equal to or greater than two (2) times the Maximum Annual Debt Service to become due in that or any succeeding Fiscal Year for the payment of principal and interest charges on Student Fee Bonds then Outstanding.

**Covenants of the Corporation**

In the Indenture, the Corporation covenants, among other things:

1. to pay the interest on and principal of all Student Fee Bonds, according to the terms of such Student Fee Bonds and the Indenture;

2. to pay all the costs, charges and expenses incurred by the Trustee or any holder of Student Fee Bonds, including reasonable attorneys' fees reasonably incurred or paid, because of the failure on the part of the Corporation to perform, comply with and abide by each and every of the stipulations, agreements, conditions and covenants of the Indenture and of all Student Fee Bonds, or either of them;

3. to operate the Corporation and its instructional programs to the extent that it will continue to be able to assess, charge and collect Student Fees adequate to meet its needs under the Indenture;

4. to establish and collect Student Fees so as to generate in each Fiscal Year amounts equal to no less than the sum of: (i) an amount equal to 1.0 times the Annual Debt Service Requirement for such Fiscal Year, provided that if the rate of interest borne by any Variable Rate Bond is fixed for such Fiscal Year at a single rate of interest, such Variable Rate Bonds will be treated as Fixed Rate Bonds for the purposes of the Annual Debt Service Requirement calculation; (ii) the amount, if any, to be paid into the Reserve Fund or to be paid to any Reserve Fund Insurer or the provider of any other Reserve Fund Credit Instrument with respect to such Fiscal Year; and (iii) any other amounts to be paid from Student Fees with respect to such Fiscal Year in accordance with the Indenture; and to adopt an annual budget for each Fiscal Year setting forth the above items;

5. to keep and maintain accurate books and records relating to (i) the collection of Student Fees, (ii) the allocation thereof, (iii) the enrollment of students at the University, and (iv) the payments into the Sinking Fund and Reserve Fund, which said books and records will be open for inspection by any holder of the Student Fee Bonds at any reasonable time;

6. to furnish to the Trustee and any holder of 25% or more in aggregate principal amount of Student Fee Bonds requesting the same in writing, not later than 150 days after the close of each Fiscal Year, copies of audit reports, certified by the Treasurer

of the Corporation, reflecting in reasonable detail the status of the books and records described in clause (5) above;

7. that the Corporation reserves the right to issue Additional Bonds the interest on which is not intended to be exempt from taxes under the Internal Revenue Code of 1954, as amended (or any successor section of such Code or subsequent federal income tax statute or code); and

8. to do any and all things necessary in order to maintain the pledge, assignment and grant of a lien on and security interest in the Pledged Funds as valid, binding, effective and perfected, all as provided in the Indenture.

The Corporation has also entered into the following tax covenants regarding the Series FF Bonds:

(b) that it will not permit the facilities financed with the proceeds of the Series FF Bonds to be used in such manner as would result in the loss of the exclusion of interest on the Series FF Bonds from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “1986 Code”) (or any successor section of such 1986 Code or subsequent federal income tax statute or code), nor will the Corporation act in any other manner which would adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series FF Bonds; this covenant is based solely on current law in effect and in existence on the date of delivery of said Series FF Bonds; and

(c) that it will not make any investment or do any other act or thing during the period that any Series FF Bonds are Outstanding which would cause any of the Series FF Bonds to become or be classified arbitrage bonds within the meaning of Section 148 of the 1986 Code (or any successor section of such 1986 Code or subsequent federal income tax statute or code), including but not limited to the obligation to rebate certain investment earnings to the United States of America; this covenant is based solely on current law in effect and in existence on the date of delivery of said Series FF Bonds.

However, it will not be an event of default under the Indenture if the interest on the Series FF Bonds becomes includable in the gross income for federal income tax purposes or otherwise subject to federal income taxes pursuant to any provision of the 1986 Code which is not currently in effect and in existence on the date of issuance of the Series FF Bonds.

**Investments**

All moneys on deposit in the Funds established under the Indenture held by the Corporation may be commingled for investment purposes with the Corporation’s other investments and invested as permitted by law. The Funds held by the Trustee will be invested by the Trustee as directed by the Corporation in Permitted Investments. Interest earned or gains or losses realized on Funds held by the Trustee will be credited or debited to that Fund; provided, that earnings and other investment income on money in each Account of the Series FF Project Fund will be deposited as described above under “Flow of Funds -- Series FF Project Fund;” and provided that interest earned or gains realized on the amounts (if any) which may be held in the

Reserve Fund in excess of the Reserve Fund Requirement from time to time will be credited to the Sinking Fund.

**Defaults and Remedies**

Any of the following events will be an Event of Default under the Indenture:

1. default is made in the payment by the Corporation of the principal of any one or more of the Student Fee Bonds when the same becomes due and payable by lapse of time, by call for redemption, or otherwise; or

2. default is made in the payment by the Corporation of any interest on any one or more Student Fee Bonds when the same becomes due and payable as therein expressed; or

3. default is made by the Corporation or any of its officers in the performance or observance of any of the other covenants, conditions or obligations in the Student Fee Bonds or in the Indenture expressed and such default is not remedied within 30 days after written notice from the Trustee to remedy such default, which may serve such notice in its discretion and will serve the same at the written request of the holders of not less than 25% in the principal amount of Student Fee Bonds then Outstanding under the Indenture or of the provider of any Credit Support Instrument; or

4. the Corporation (i) admits in writing its inability to pay its debts generally as they become due, (ii) has an order for relief entered in any case commenced by or against it under federal bankruptcy laws, as now or hereafter in effect, (iii) commences a proceeding under any federal or state bankruptcy, insolvency, reorganization or similar laws, or has such a proceeding commenced against it and has either an order of insolvency or reorganization entered against it or has the proceeding remain undismissed and unstayed for 90 days, (iv) makes an assignment for the benefit of creditors, or (v) has a receiver or trustee appointed for it or for the whole or substantial part of its property; or

5. default is made in the payment by the Corporation of any junior lien obligations, as described in the Indenture.

Upon any Event of Default, the Trustee may, in its discretion, and, upon the written request of the holders of 25% in principal amount of the Student Fee Bonds then outstanding or the provider of any Credit Support Instrument and upon being indemnified to its satisfaction by the party or parties requesting such action, will proceed to protect and enforce its rights and the rights of the holders of the Student Fee Bonds by suit or suits at law or in equity, whether for the specific performance of any covenant or agreement contained in the Indenture, or in the execution or aid of any power granted in the Indenture, or for the enforcement of any other proper legal or equitable remedy as the Trustee, being advised by counsel, deems most effectual to protect and enforce its rights and the rights of such holders of the Student Fee Bonds.

All rights of action under or in respect of the Indenture will be exercised only by the Trustee and no holder of any Student Fee Bond will have any right to institute any suit, action or proceeding at law or in equity for any remedy under the Indenture or by reason thereof, unless and until the Trustee has received the written request of the holders of not less than 25% in principal amount of the Student Fee Bonds then outstanding (or any provider of a Credit Support Instrument to the extent provided in the applicable supplemental indenture) and has been offered reasonable indemnity and has refused or for 30 days thereafter neglected to institute such suit, action or proceeding. The Trustee may in its discretion and, when duly requested in writing by the holders of at least 25% in principal amount of the Student Fee Bonds then outstanding (or the provider of a Credit Support Instrument) and furnished indemnity satisfactory to it against expenses, charges and liabilities, will take such appropriate action by judicial proceedings or otherwise in respect of any existing default on the part of the Corporation as the Trustee may deem expedient in the interest of the holders of the Student Fee Bonds outstanding.

The Trustee is appointed the special agent and representative of the holders of Student Fee Bonds and vested with full power in their behalf to effect and enforce the Indenture for their benefit as provided therein. However, the holders of 51% or more in aggregate principal amount of all Student Fee Bonds then Outstanding are entitled to direct and control the conduct of any proceeding for exercising any remedies available to the Trustee.

Unless an Event of Default has occurred and has not been cured, the Corporation will remain in full possession and control of the Student Fees, subject always to the observance of the covenants of the Indenture with respect thereto. Upon the occurrence of an Event of Default, the Trustee will have the right, upon a demand to the Corporation, to have all Student Fees deposited, as they are collected, in a Student Fee Fund to be maintained by the Trustee, to invest that Fund in Permitted Investments, to apply amounts in that Fund first to the payment of principal of and interest on the Student Fee Bonds and the maintenance of the Reserve Fund, then to repay providers of Reserve Fund Credit Instruments, and finally to remit all other amounts in such Fund not needed to be held aside for those purposes to the Corporation.

If there has been an Event of Default under subparagraph (5) above which gives rise to a right of acceleration or similar right to immediate payment on such junior lien obligation, the remedies available to the Trustee will also include the right to give written notice to the Corporation of acceleration of all principal of and accrued interest on all of the Student Fee Bonds then Outstanding under the Indenture. Such amounts will thereby become due and payable in full on a date to be stated in each notice, which date will be not less than six Business Days following receipt by the Corporation of such notice.

**Defeasance**

If (1) the Corporation pays, or causes to be paid, or there is otherwise paid to the holders of all Student Fee Bonds, the principal and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, (2) the Corporation pays all expenses and fees of the Trustee and Paying Agent, and (3) the Corporation keeps, performs and observes all and singular the covenants and promises in the Student Fee Bonds and in the Indenture expressed as to be kept, performed and observed by it or on its part, then the pledge of Student Fees and other moneys and securities pledged under the Indenture and all covenants, agreements and other obligations of the Corporation to the holders of the Student Fee Bonds, will thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee will cause an accounting for such period or periods as is requested by the Corporation to be prepared and filed with the Corporation, and upon request of the Corporation will execute and deliver all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee and the Paying Agent will pay over to or deliver to the Corporation all moneys or securities held by them pursuant to the Indenture which are not required for the payment of principal and interest payments on the Student Fee Bonds. If the Corporation pays or causes to be paid, or makes provisions for payment in accordance with the Indenture, to the holders of all Student Fee Bonds then Outstanding of a particular series, or of a particular maturity within a series, the principal and the interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, such Student Fee Bonds will cease to be entitled to any lien, benefit or security under the Indenture (except for the moneys, Federal Securities and Escrowed Municipals deposited as described in the Indenture) and all covenants, agreements and obligations of the Corporation to the holders of such Student Fee Bonds will thereupon cease, terminate and become void and be discharged and satisfied.

Student Fee Bonds for the payment or redemption of which moneys have been set aside and are held in trust by the Trustee (through irrevocable deposit by the Corporation of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof will be deemed to have been paid within the meaning and with the effect expressed in the immediately preceding paragraph. Any Student Fee Bonds will prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the immediately preceding paragraph if (a) in case such Student Fee Bonds are to be redeemed on any date prior to their maturity, the Corporation has given to the Trustee irrevocable instructions to give notice of redemption of such Student Fee Bonds on said date, (b) there has been deposited with the Trustee either moneys in an amount which is sufficient, or non-callable Federal Securities or Escrowed Municipals the principal of and the interest on which when due will provide moneys which, together with other moneys, if any, deposited with the Trustee at the same time, are sufficient, to pay when due the principal of and interest due and to become due on such Student Fee Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event such Student Fee Bonds do not mature and are not to be redeemed within the next succeeding 60 days, the Corporation has given the Trustee irrevocable instructions to give, as soon as practicable, notice to the holders of such Student Fee Bonds that the deposit required by (b) above has been made with the Trustee and that such Student Fee Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of such Student Fee Bonds. Neither any Federal Securities or Escrowed Municipals nor any moneys so deposited with the Trustee nor any principal or interest payments on any such Federal Securities or Escrowed Municipals will be withdrawn or used for any purposes other than, and will be held in trust for, the payment of the principal of and the interest on such Student Fee Bonds. However, any cash received from such principal or interest payments on such Federal Securities or Escrowed Municipals deposited with the Trustee, (a) to the extent such cash will not be required at any time for such purposes, will be paid over to the Corporation as received by the Trustee, free and clear of any trust, lien or pledged securing such Student Fee Bonds or otherwise existing under the Indenture, and (b) to the extent such cash will be required for such purpose at a later date, will, to the extent practicable, be reinvested in Federal Securities or Escrowed Municipals maturing at times and in amounts sufficient to pay when due the principal of and interest to become due on such Student Fee Bonds on and prior to such redemption date or maturity date thereof, and interest earned from such reinvestments will be paid over to the Corporation, as received by the Trustee, free and clear of any trust, lien or pledge.

**Supplemental Indentures; Amendments**

The Trustee and the Corporation may, from time to time, enter into supplemental indentures for any of the following purposes, without any action by or notice to the holders of any Student Fee Bonds:

1. to restrict the issue and the purposes of issue of Additional Bonds under the Indenture by imposing additional conditions and restrictions so long as the same will not impair the security afforded by the Indenture;

2. to add to the covenants and agreements or to surrender any right or power of the Corporation in the Indenture;

3. to describe the terms of a new series of Student Fee Bonds;

4. to make such provisions in regard to matters or questions arising under the Indenture as may be necessary or desirable but not inconsistent with the Indenture;

5. otherwise to modify any of the provisions of the Indenture or to relieve the Corporation from any of the obligations, conditions or restrictions contained in the Indenture; provided that no such modification will be or become operative or effective or in any manner impair any rights of the holders of the Student Fee Bonds or the Trustee (except as otherwise provided or permitted pursuant to the Indenture), while any Student Fee Bonds of any series issued prior to the execution of such supplemental indenture remain Outstanding; and provided further, that such supplemental indenture will be specifically referred to in the text of all Student Fee Bonds of any series issued after the execution of such supplemental indenture; and provided, also, that the Trustee may in its uncontrolled discretion decline to enter into any such supplemental indenture which in its opinion may not afford adequate protection to the Trustee when such supplemental indenture becomes operative;

6. to add to the powers, duties and obligations of the Trustee or to impose requirements with respect to the qualification or disqualification of any bank or trust company to act as Trustee under the Indenture;

7. further to restrict investments to be made by the Trustee or Corporation;

8. to grant additional rights to the provider of any Credit Support Instrument or Reserve Fund Credit Instrument, including, if desired, the creation of a special reserve therefor;

9. to provide for partial release of the lien on the security interest in Student Fees as provided in the Indenture;

10. for any other purpose not prohibited by the terms of the Indenture which does not impair the security afforded thereby or for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective or inconsistent provision contained in the Indenture or in a supplemental indenture; or

11. to provide for the terms under which Qualified Swap Agreements may be entered into by the Corporation in connection with any Student Fee Bonds, including the relation of Qualified Swap Receipts and Qualified Swap Payments by the Corporation to the flow of funds set forth in the Indenture applicable to such Student Fee Bonds, and all other necessary or appropriate terms and conditions of such Qualified Swap consistent with the Indenture; provided, however, that such Qualified Swap Agreement does not have an adverse effect on any rating of the Student Fee Bonds by any nationally recognized rating agency currently rating such Student Fee Bonds, without regard to any other factors which may affect such rating.

In all cases the holders of not less than 51% in principal amount of any series of Student Fee Bonds Outstanding affected by a modification or alteration, will have the power to authorize any modification or alteration of the Indenture or any supplemental indenture, provided always that no modification or alteration will (i) affect the Corporation's obligation to pay the debt service on the Student Fee Bonds in respect to the date of payment, place of payment and amount, (ii) give to any Student Fee Bond or Student Fee Bonds secured by the Indenture any preference over any other Student Fee Bond or Student Fee Bonds so secured, (iii) authorize the creation of any lien upon any of the property, the income of which is or shall, in the future, be payable to the Trustee under the Indenture, (iv) deprive any holder of any Student Fee Bonds of the security afforded by the Indenture, or (v) reduce the percentage of principal amount of Student Fee Bonds required by the provisions of the Indenture for any action described above.

## TAX MATTERS

In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Series FF Bonds is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), for federal income tax purposes, and is not a specific preference item for purposes of the federal alternative minimum tax. This opinion relates only to the exclusion from gross income of interest on the Series FF Bonds for federal income tax purposes under Section 103 of the Code and is conditioned on continuing compliance by the Corporation with the Tax Covenants (as hereinafter deemed). Failure to comply with the Tax Covenants could cause interest on the Series FF Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue. In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Series FF Bonds is exempt from income taxation in the State of Indiana. This opinion relates only to the exemption of interest on the Series FF Bonds for State income tax purposes. See APPENDIX C for the form of opinion of Bond Counsel.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series FF Bonds as a condition to the exclusion from gross income of interest on the Series FF Bonds for federal income tax purposes. The Corporation will covenant not to take any action within its power and control, nor fail to take any action with respect to the Series FF Bonds, that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Series FF Bonds pursuant to Section 103 of the Code (collectively, the "Tax Covenants"). The Indenture and certain certificates and agreements to be delivered on the date of delivery of the Series FF Bonds establish procedures under which compliance with the requirements of the Code can be met.

Indiana Code (IC) 6-5.5 imposes a franchise tax on certain taxpayers (as defined in IC 6-5.5) which, in general, include all corporations which are transacting the business of a financial institution in Indiana. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code. Taxpayers should consult their own tax advisors regarding the impact of this legislation on their ownership of the Series FF Bonds.

Although Bond Counsel will render an opinion that interest on the Series FF Bonds is excludable from gross income under Section 103 of the Code for federal income tax purposes and exempt from State income tax, the accrual or receipt of interest on the Series FF Bonds may otherwise affect a Bondholder's federal income tax or state tax liability. The nature and extent of these other tax consequences will depend upon a Bondholder's particular tax status and a Bondholder's other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Series FF Bonds. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Series FF Bonds should consult their own tax advisors with regard to the other tax consequences of owning the Series FF Bonds.

## BOND PREMIUM

The initial public offering prices of all of the Series FF Bonds (collectively, the "Premium Bonds") are greater than the principal amounts payable at maturity or the call date. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the "Bond Premium"). An owner who acquires a Premium Bond in the initial offering will be required to adjust the owner's basis in the Premium Bond downward as a result of the amortization of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon the disposition of the Premium Bonds including sale, redemption or payment at maturity or call date. The amount of amortizable Bond Premium will be computed on the basis of the owner's yield. Rules for determining (i) yield, (ii) the amount of amortizable Bond Premium and (iii) the amount amortizable in a particular year are set forth at Section 171(b) of the Code and the Regulations accompanying that section. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but the amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the Premium Bonds. Owners of the Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of such Premium

Bonds and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Special rules governing the treatment of Bond Premium, which are applicable to dealers in tax-exempt securities, are found at Section 75 of the Code. Dealers in tax-exempt securities are urged to consult their own tax advisors concerning the treatment of Bond Premium.

## COVID-19

In late 2019, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. The World Health Organization declared the outbreak a pandemic on March 11, 2020.

In response to the onset of the pandemic, in-person instruction on all University campuses was suspended for the remainder of the Spring 2020 semester through the end of the Summer 2020. On April 21, 2020, President Daniels announced the Corporation's intent to resume in-person instruction in Fall 2020. The Protect Purdue Implementation Team, a multi-disciplinary team of experts, was tasked with determining what physical and behavioral modifications were needed for in-person operations to resume. Additionally, a Protect Purdue Health Center was established under the direction of medical experts to coordinate COVID-19 sampling, testing, quarantine, isolation and contact tracing for all students, faculty and staff.

In-person instruction resumed for the Fall 2020 semester. Course instruction through Spring 2021 was delivered in a mix in-person, on-line, and hybrid modalities. For Fall 2021, the University returned to more normal operations with modified protocols to create as safe an in-person learning environment as possible for a community of more than 53,000 people. With a campuswide COVID-19 vaccination rate at nearly 90% for students, faculty, and staff, University facilities returned to full density for the Fall 2021 semester.

For FY20 through FY22, the University received economic relief funds from federal programs, including the Higher Education Emergency Relief Fund (HEERF), the Higher Education Emergency Relief Fund II (HEERF II), and the American Rescue Plan Act that provided economic assistance to entities that were negatively impacted by COVID-19.

Two years into the pandemic, the Corporation's fiscal actions, receipt of federal relief funds, and other strategic measures have mitigated potential negative financial impacts. The safeguards put into place have enabled students to return to a safe environment, allowing the University to continue to operate and grow its student population and tuition revenue throughout FY21. Though impacts of the pandemic to its financial position in future fiscal years are still uncertain, the Corporation operated with a surplus in FY20 and FY21, and current forecasts show the Corporation continuing to achieve an operating surplus in FY22. See "Audited Financial Statements" for more information.

## LITIGATION

### Absence of Litigation Related to the Series FF Bonds

As of the date of delivery the Series FF Bonds, the Corporation will certify that there is no litigation or other proceeding pending or, to the knowledge of the Corporation, threatened in any court, agency or other administrative body restraining or contesting the issuance, sale, execution or delivery of the Series FF Bonds or the pledging of the Pledged Funds, or in any way contesting, questioning or affecting the validity of any provision of the Series FF Bonds, the proceedings or the authority of the Corporation taken with respect to the issuance or sale thereof, the resolutions authorizing the Series FF Bonds, or the Indenture. Neither the creation, organization or existence of the Corporation nor the title of any of the present members of the Board of Trustees or other Corporation officers to their respective offices is being contested.

**Other Proceedings**

From time to time, the Corporation is involved in litigation or claims incidental to its business. However, the Corporation believes that the ultimate result of proceedings to which it is a party and claims asserted against it as of the date hereof, even if determined adversely to the Corporation, would not have a materially adverse effect upon the Corporation's financial condition or results of operation.

## RATINGS

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("S&P") have given the Series FF Bonds the ratings of "Aaa" and "AAA," respectively. An explanation of the rating by Moody's may be obtained from such agency at 7 World Trade Center at 250 Greenwich Street, New York, New York, 10007, and an explanation of the rating by S&P may be obtained from such agency at 55 Water Street, New York, New York, 10004.

The ratings are not a recommendation to buy, sell or hold any of the Series FF Bonds. There is no assurance that the ratings will remain in effect for any given period of time or that a rating will not be revised downward or withdrawn entirely by Moody's or S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price or marketability of the Series FF Bonds.

## CONTINUING DISCLOSURE

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the "Rule"), the Corporation entered into a Second Amended and Restated Continuing Disclosure Undertaking Agreement, dated May 27, 2020, as heretofore supplemented, to be further supplemented by a Second Supplement to Second Amended and Restated Continuing Disclosure Undertaking Agreement, dated the date of delivery of the Series FF Bonds (as supplemented and amended, the "Undertaking Agreement"). Each Underwriter, by its agreement to purchase any Series FF Bonds, accepts and assents to the Undertaking Agreement and the exchange of (i) such agreement for (ii) the promises of Corporation, and assigns all its rights under the Undertaking Agreement to the holders of Series FF Bonds or Beneficial Owners (as such terms are defined in the Undertaking). Beneficial Owners and holders of Bonds (including the Series FF Bonds) are named as third party beneficiaries of the Undertaking Agreement.

Pursuant to the terms of the Undertaking Agreement, the Corporation will agree to provide the following information while any of the Series FF Bonds are Outstanding:

- Audited Financial Statements. To the Municipal Securities Rulemaking Board ("MSRB"), when and if available, the audited financial statements of the Corporation for each fiscal year of the Corporation, beginning with the fiscal year ending June 30, 2022, together with the auditor's report and all notes thereto; and

- Financial Information in Official Statement. To the MSRB, within 180 days of the close of each fiscal year of the Corporation, beginning with the fiscal year ending June 30, 2022, annual financial information of the Corporation for such fiscal year, other than the audited financial statements described above, including (i) unaudited financial statements of the Corporation if audited financial statements are not available and (ii) operating data (excluding any demographic information or forecasts) of the general type provided under the following headings in this Official Statement (collectively, the "Annual Information"); provided, however, that the updating information may be provided in such format as the Corporation deems appropriate:

  ANNUAL DEBT SERVICE REQUIREMENTS

  (Total Debt Service Column Only)

  APPENDIX A

  — Student Admissions
  — Tuition and Fees
  — Student Enrollment
  — Financial Operations of the Corporation
  — State Appropriations
  — Student Financial Aid
  — Endowment and Similar Funds
  — Related Foundations
  — Fundraising Activity
  — Grants and Contracts
  — Outstanding Indebtedness
  — Physical Property

- Reportable Events. In a timely manner within 10 business days of the occurrence of any of the following events, to the MSRB:

  (1) principal and interest payment delinquencies;
  (2) non-payment related defaults, if material;
  (3) unscheduled draws on debt service reserves reflecting financial difficulties;
  (4) unscheduled draws on credit enhancements reflecting financial difficulties;
  (5) substitution of credit or liquidity providers, or their failure to perform;
  (6) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form

5701-TEB) or other material events, notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations;

(7) modifications to rights of security holders, if material;

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of property securing repayment of the Obligations, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Obligor;

(13) the consummation of a merger, consolidation, or acquisition involving the Obligor or the sale of all or substantially all of the assets of the Obligor, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a Financial Obligation of the Obligor, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligor, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligor, any of which reflect financial difficulties.

"Financial Obligation" shall mean (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the SEC Rule.

Determinations of materiality shall be made by the Corporation in accordance with the standards established by federal securities laws, as then in existence.

- Failure to Disclose. In a timely manner, to the MSRB, notice of the Corporation's failing to provide the Annual Information as required by the Undertaking Agreement.

If any Annual Information or audited financial statements relating to the Corporation referred to above no longer can be provided because the operations to which they related have been materially changed or discontinued, a statement to that effect, provided by the Corporation to the MSRB, along with any other Annual Information or audited financial statements required to be provided under the Undertaking Agreement, will satisfy the Undertaking Agreement. To the extent available, the Corporation will cause to be filed along with the other Annual Information or audited financial statements operating data similar to that which can no longer be provided.

The Corporation has agreed to make a good faith effort to obtain Annual Information. However, failure to provide any component of Annual Information, because it is not available to the Corporation on the date by which Annual Information is required to be provided under the Undertaking Agreement, will not be deemed to be a breach of the Undertaking Agreement. The Corporation has further agreed to supplement the Annual Information filing when such data is available.

Dissemination Agent. The Corporation may, at its sole discretion, utilize an agent in connection with the dissemination of any information required to be provided by the Corporation pursuant to the Undertaking Agreement.

Remedy. The sole remedy against the Corporation for any failure to carry out any provision of the Undertaking Agreement will be for specific performance of the Corporation's disclosure obligations under the Undertaking Agreement and not for money damages of any kind or in any amount or for any other remedy. The Corporation's failure to honor its covenants under the Undertaking Agreement will not constitute a breach or default of the Series FF Bonds, the Indenture or any other agreement to which the Corporation is a party.

In the event the Corporation fails to provide any information required of it by the terms of the Undertaking Agreement, any holder or beneficial owner of Series FF Bonds may pursue the remedy set forth above in any court of competent jurisdiction in the State of Indiana. Any challenge to the adequacy of the information provided by the Corporation by the terms of the Undertaking Agreement may be pursued only by holders or beneficial owners of not less than 25% in principal amount of Series FF Bonds then Outstanding in any court of competent jurisdiction in the State of Indiana. An affidavit to the effect that such persons are holders or beneficial owners of Series FF Bonds supported by reasonable documentation of such claim will be sufficient to evidence standing to pursue the remedy set forth above.

Prior to pursuing any remedy for any breach of any obligation under the Undertaking Agreement, a holder or beneficial owner of Series FF Bonds must give notice to the Corporation, by registered or certified mail, of such breach and its intent to pursue such remedy. Thirty days after the receipt of such notice, or upon earlier response from the Corporation to the notice indicating continued noncompliance, such remedy may be pursued under the Undertaking Agreement if and to the extent the Corporation has failed to cure such breach.

If specific performance is granted by any such court, the party seeking such remedy will be entitled to payment of costs by the Corporation and to reimbursement by the Corporation of reasonable fees and expenses of attorneys incurred in the pursuit of such claim. If specific performance is not granted by any such court, the Corporation will be entitled to payment of costs by the party seeking such remedy and to reimbursement by such party of reasonable fees and expenses of attorneys incurred in the pursuit of such claim.

Modification of Undertaking Agreement. The Corporation may, from time to time, amend or modify the Undertaking Agreement without the consent of or notice to the owners of the Series FF Bonds if either (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Corporation, or type of business conducted, (ii) the

Undertaking Agreement, as so amended or modified, would have complied with the requirements of the Rule on the date thereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment or modification does not materially impair the interests of the holders of the Series FF Bonds, as determined either by (A) any person selected by the Corporation that is unaffiliated with the Corporation (including the Trustee under the Indenture, or nationally recognized bond counsel) or (B) an approving vote of the holders of 51% or more of Outstanding Series FF Bonds as required under the Indenture at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds the Undertaking Agreement) is permitted by the Rule, as then in effect.

Prior Compliance. In order to assist the Underwriters in complying with the Underwriters' obligations pursuant to the Rule, the Corporation represents that it is not aware of any instances in the previous five years in which the Corporation has failed to comply in any material respect with its previous undertakings.

## CERTAIN LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series FF Bonds are subject to the approval of Ice Miller LLP, Bond Counsel and Disclosure Counsel. Certain legal matters will be subject to the approval of Barnes & Thornburg LLP, counsel to the Underwriters. Certain legal matters will be subject to the approval of Steven R. Schultz, Esq., Legal Counsel to the Corporation, West Lafayette, Indiana, internal counsel to the Corporation. The form of the approving opinion of Bond Counsel with respect to the Series FF Bonds is attached as APPENDIX C.

## LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES

The various legal opinions to be delivered concurrently with the delivery of the Series FF Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The remedies available to the Trustee upon a default are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the remedies may not be readily available or may be limited.

The various legal opinions to be delivered concurrently with the delivery of the Series FF Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Indiana and the United States of America and bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

These exceptions would encompass any exercise of federal, state or local police powers in a manner consistent with the public health and welfare. Enforceability of the provisions of the Series FF Bonds in a situation where such enforcement may adversely affect public health and welfare may be subject to these police powers.

## UNDERWRITING

Goldman Sachs & Co. LLC, for itself and as the representative of others as shown on the cover page hereof (the "Underwriters"), has agreed to purchase the Series FF Bonds subject to certain conditions precedent, and the Underwriters are obligated to purchase all Series FF Bonds issued at an aggregate purchase price of $33,810,802.63 (representing the aggregate par amount of Series FF Bonds, plus original issue premium of $3,324,060.65, and less the Underwriters' discount of $63,258.02). The Underwriters may offer and sell the Series FF Bonds to certain dealers (including dealers depositing the Series FF Bonds into unit investment trusts) and to others at a price lower than that offered to the public. The initial public offering price may be changed from time to time by the Underwriters.

BofA Securities, Inc., as one of the Underwriters of the Series FF Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series FF Bonds.

## FINANCIAL ADVISOR

Blue Rose Capital Advisors, LLC, Minneapolis, Minnesota (the "Municipal Advisor"), has been retained by the Corporation to provide certain financial advisory services in connection with the issuance of the Series 2022 FF Bonds, including limited assistance with the preparation of the Official Statement. The Municipal Advisor is not obligated to conduct, and has not conducted, a detailed investigation of the affairs of the University to independently verify the completeness or accuracy of the information set forth in this Official Statement and the Appendices hereto. The Municipal Advisor is not a public accounting firm and has not been engaged by the Corporation to compile, review, examine or audit any information in this Official Statement in accordance with accounting standards. The Municipal Advisor is a municipal advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board in accordance with applicable federal securities laws, and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds. The fee to be paid to the Municipal Advisor for services provided in connection with the issuance of the Bonds is partially contingent upon the closing of the Bonds.

The Municipal Advisor is under common ownership with HedgeStar, LLC ("HedgeStar") and MuniPriceTracker, LLC ("MPT"). HedgeStar provides hedge accounting, fair value accounting, and valuation services for financial instruments including, but not limited to, fixed-income securities and derivatives. MPT provides secondary market bond trading reporting services, which may be relied upon for tax compliance and trading performance evaluation by the Corporation, or by other parties involved in the issuance, in connection with the Bonds. HedgeStar and MPT currently do not, and in connection with the Series 2022 FF Bonds are not expected to, provide services to the Corporation.

## SPECIAL RELATIONSHIPS

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

## MISCELLANEOUS

During the initial offering period for the Series FF Bonds, a copy of the Indenture will be available for inspection at the Office of the Treasurer of the University, Hovde Hall, West Lafayette, Indiana 47907, and at the offices of Goldman Sachs & Co. LLC, 200 West Street, 30th Floor, New York, NY 10282. APPENDICES A and D have been prepared by the Corporation and APPENDIX B, the Corporation's financial statements, were furnished by the Corporation. APPENDIX C has been prepared by Ice Miller LLP, Bond Counsel to the Corporation. All of the Appendices hereto are incorporated as an integral part of this Official Statement.

THE TRUSTEES OF PURDUE UNIVERSITY

*/s/ Christopher A. Ruhl*

Christopher A. Ruhl, Chief Financial Officer and Treasurer

Dated: May 10, 2022

[THIS PAGE INTENTIONALLY LEFT BLANK]

# APPENDIX A

## PURDUE UNIVERSITY
## AND THE TRUSTEES OF PURDUE UNIVERSITY

[THIS PAGE INTENTIONALLY LEFT BLANK]

## Purdue University

### General

Purdue University was established in 1869 as one of the land-grant colleges and universities created as a result of the Morrill Act of 1862. The University was originally established to teach agricultural and mechanical arts and was named in honor of John Purdue, a substantial donor to the University. The University is one of the seven state-supported universities in Indiana. The University has grown from 39 students and 6 instructors at its inception, to an estimated population in excess of 64,000 full-time and part-time students and approximately 5,145 faculty and lecturers on its main, regional, and statewide campuses as of Fall 2021. In addition, approximately 5,640 Purdue students were enrolled in Fall 2021 at the Indiana University-Purdue University campus in Indianapolis.

Purdue University's system-wide educational opportunities include its flagship campus in West Lafayette, and regional campuses Purdue University Northwest ("PNW"), in Hammond and Westville, and Purdue University Fort Wayne ("PFW"). Additionally, Purdue University operates a Statewide Technology Program at numerous locations throughout Indiana.

The University also offers online learning through Purdue Global, an Indiana nonprofit public benefit corporation controlled and supervised by Purdue University. Purdue Global operates primarily online with administrative headquarters in West Lafayette, IN. See "*Purdue University Global*" below.

### Academic Colleges and Schools of Purdue University

The University divides its academic year into two semesters and a summer term. The University offers courses in the arts, humanities, engineering, science, technology, and professional fields. The University also has online education, offers non-degree lifelong learning programs, and provides outreach through its extension educators located in the 92 counties of Indiana. The major areas and fields of study at Purdue University's campuses are organized into specific colleges and schools.

The major areas and fields of study at the main campus are organized into ten academic colleges as listed below. Undergraduate, Master's, and Doctor of Philosophy degrees are awarded in all schools. The University also awards the professional degrees of Doctor of Pharmacy and Doctor of Veterinary Medicine.

<u>Purdue West Lafayette</u> – Agriculture; Education; Engineering; Health and Human Sciences; Liberal Arts; Management; Pharmacy; Science; Polytechnic Institute; and Veterinary Medicine.

The major areas and fields of study at the regional campuses are organized as follows:

<u>Purdue Fort Wayne</u> – Business; Continuing Studies; Liberal Arts; Science; Professional Studies; Engineering, Technology & Computer Science; Library; and Visual & Performing Arts.

<u>Purdue Northwest</u> – Business; Engineering and Sciences; Humanities, Education and Social Sciences; Nursing; Technology; Hospitality, Tourism and Management.

### Accreditation and Membership

The University is fully accredited in all of its departments and divisions by the Higher Learning Commission (HLC). In April 2020, Purdue West Lafayette received formal notification of its continued 10-year, unrestricted accreditation by the HLC. Twenty-five other professional agencies have accredited various schools, departments and programs within the University. The University is also a member of the Association of American Universities.

### Purdue University Global

On March 22, 2018, Purdue acquired the institutional operations and assets of Kaplan University ("KU") from Graham Holdings Company, including its 14 campuses and learning centers, 29,000 students, 2,500 employees, and decades of experience in distance education. The name of the new entity became Purdue University Global ("Purdue Global"). Purdue Global is an Indiana nonprofit public benefit corporation controlled and supervised by Purdue University. The creation of a new public university extends Purdue's land grant mission and further expands access to higher education by reaching beyond Purdue's traditional residential student base. The initiative addresses the need for postsecondary education for working adults and others unable to attend a traditional college campus, and the growth of online technologies as a means of delivering education to students of all types. Accredited by the Higher Learning Commission, Purdue Global offers degree programs at the Master's, Bachelor, Associate and Certificate levels in 14 different areas of interest. Doctoral degrees are also available for the Law and Nursing programs. Purdue Global is comprised of approximately 2,144 full and part-time employees.

Purdue Global is distinct from other institutions in the Purdue system, relying primarily on tuition and fundraising to cover operating expenses. No state appropriations are utilized. Purdue Global operates primarily online with administrative headquarters in West Lafayette, IN. Purdue Global is governed by a six-member Board of Trustees, composed of five members of Purdue University's Board of Trustees and one independent trustee. The independent trustee must have significant prior experience in higher education. Purdue University and the Purdue Global Board of Trustees control and operate Purdue Global.

Purdue Global entered into a long-term support services agreement with Kaplan Higher Education ("KHE"), the Kaplan affiliate that provided back-office support functions to KU prior to the acquisition. Once Purdue Global is compensated for its operating costs, KHE is eligible to recover its support costs and a fee for back-office support services equal to 12.5% of gross revenues (less bad debt) over the contract period to the extent of remaining available cash. The fee increases to 13% for fiscal years 2023 – 2027 and reverts to 12.5% for the remainder of the term. In addition, Purdue Global has the option after six years to acquire the support assets and personnel provided by KHE for 1.25x the trailing 12-month revenues of Purdue Global. KHE has no control over the operations of Purdue Global.

**Strategic Plan**

In 2021, the University launched Purdue's Next Moves representing five new strategic imperatives. Following the success of the original Purdue Moves strategic plan in 2013, Purdue's Next Moves will continue to leverage distinct strengths and harness the power and people of Purdue to advance the University, community and world toward a safer, more sustainable and equitable place. Descriptions of these new initiatives are provided below:

- Plant Sciences 2.0
  - Purdue will build upon its original Moves investment in Plant Science research to grow graduates, entrepreneurs and the Ag-Biotech industry, ensuring a future where the environment and agriculture work hand-in-hand to both feed the world's population and strengthen our ecosystems. Specific areas of expanded investment include digital forestry technologies, phenotyping facilities and data scientists, commercialization of agriculture technologies, and The Center for Food Demand Analysis and Sustainability.
- National Security and Technology Initiative
  - As a land-grant institution, Purdue has unique capabilities and an imperative to assist government and industry in protecting our nation's interests. The national security investments in Purdue's Next Moves build on the existing strengths of applied research efforts in hypersonics and space vehicles, energetic materials, cybersecurity, and secure microelectronics. By leveraging this excellence with new investments, Purdue will expand its capabilities and become a focal point for talent, research, testing, and economic development in the national security sector.
- Purdue Applied Research Institute (PARI)
  - Purdue will leverage deep strengths in engineering and science to play an even larger role in the development and deployment of future technologies that are critical to U. S. economic prosperity and national security. With PARI, Purdue will establish a flexible platform and the advanced infrastructure needed to deliver large and complex applied research programs that are funded by non-traditional agencies such as DOD, NASA, USAID, and industry. This platform will enable Purdue to bring together academia, industry, government, foundations, global NGOs and other key collaborators to advance technology and develop innovative solutions to worldwide problems.
- Transformative Education 2.0
  - Transformative Education 2.0 extends the work begun with the original Purdue Moves into new areas by supporting scalable teaching innovations and undergraduate experiential education that both improve the quantity, quality, and equity of the student learning experience. Transformative Education 2.0 also focuses on enhancing Purdue's academic infrastructure to 1) engage students with timely, tailored, and data-driven communications; 2) empower data-driven decisions for all students, instructors, and administrators; and 3) enhance student progress to degree through accurate, timely, and integrated information systems.

- Purdue Equity Task Force
  - The actions and investments identified by the university's Equity Task Force will ensure all members of the university community have the opportunity to experience all Purdue has to offer equitably, focusing on structural and environmental barriers to success of students, faculty, and staff of color and initially focusing on the specific experience of Black Boilermakers.

**The Board of Trustees**

The Trustees of Purdue University is a statutory body corporate created in 1869 to operate the University. The Board of Trustees of the Corporation consists of ten members appointed by the Governor of Indiana. Three of these members – one of whom must be a graduate of the School of Agriculture – are nominated by the Purdue Alumni Association. The 1975 General Assembly provided for the 10th member, a student. The Board of Trustees selects the president of the University, decides major policy lines, approves the financial program and budget, approves the president's nominations for major appointments, and approves major construction projects and contracts. All members of the Board of Trustees are appointed for terms of three years, except for the student member whose term is two years. The current members of the Board of Trustees are as follows:

**The Board of Trustees of the Corporation**

Lawrence C. "Sonny" Beck[1]
Michael R. Berghoff
JoAnn Brouillette
Theresa C. Carter
Vanessa J. Castagna
Malcolm S. DeKryger[1]
Mark T. Gee[2]
Michael F. Klipsch
Gary J. Lehman
Don Thompson[1]

[1] Term expires June 2022; [2] Student Trustee

**Officers of the Corporation**

Michael R. Berghoff, *Chairman*
Gary J. Lehman, *Vice Chairman*
Christopher A. Ruhl, *Treasurer*
James S. Almond, *Assistant Treasurer and Assistant Secretary*
Janice A. Indrutz, *Corporate Secretary*
Steven R. Schultz, *General Counsel*
Trenten D. Klingerman, *Deputy General Counsel and Chief Privacy Officer*

**Principal Administrative Officers of the University**

The principal administrative officers who manage the business and academic affairs of the University are listed below.

Mitchell E. Daniels, Jr., President
Jay T. Akridge, Provost, Executive Vice President for Academic Affairs and Diversity
Gary R. Bertoline, Senior Vice President for Purdue Online and Learning Innovation
Michael A. Bobinski, Vice President and Director of Intercollegiate Athletics
R. Ethan Braden, Executive Vice President and Chief Marketing and Communications Officer
Gina C. DelSanto, Chief of Staff
Theresa S. Mayer, Executive Vice President for Research and Partnerships
Ian C. Hyatt, Chief Information Officer and Vice President for Information Technology
Alysa Christmas Rollock, Vice President for Ethics and Compliance
Christopher A. Ruhl, Chief Financial Officer and Treasurer
Steven R. Schultz, General Counsel

**Regional Campus Staff**

Frank Dooley, Chancellor, Purdue University Global
Ronald L. Elsenbaumer, Chancellor, Purdue University Fort Wayne
Thomas L. Keon, Chancellor, Purdue University Northwest

**Purdue University Global Board of Trustees**

The Board of Trustees for Purdue Global is charged with overseeing the operations and management of Purdue Global. It is composed of five Purdue University trustees and one independent trustee.



[1] Term expired June 2021; reappointment through June 2023 is currently pending final approval; [2] Independent trustee

**Student Admissions**

The table below sets forth the total number of first year applications received and accepted, and the number of students enrolled at the West Lafayette campus for the academic years indicated.

| Academic Year | Applications Received | Applications Accepted | Percent Accepted | Students Enrolled | Yield Overall | Yield In State |
|---|---|---|---|---|---|---|
| 2017-18 | 48,915 | 28,093 | 57.4% | 7,567 | 26.9% | 55.0% |
| 2018-19 | 53,442 | 30,965 | 57.9% | 8,357 | 27.0% | 53.6% |
| 2019-20 | 54,912 | 32,834 | 59.8% | 8,056 | 24.5% | 50.2% |
| 2020-21 | 57,278 | 38,457 | 67.1% | 8,869 | 23.1% | 48.6% |
| 2021-22 | 59,173 | 40,759 | 68.9% | 10,191 | 25.0% | 48.6% |

The freshman applicants at the West Lafayette campus for the fall semesters 2017 through 2021 had an average combined score for the Scholastic Aptitude Test (SAT) verbal and mathematical test of 1256[1], 1289, 1307, 1291, and 1297. Approximately 75% of the Fall 2021 freshman class had a high school grade point average between 3.5 and 4.0 and 97% of the Fall 2021 freshman class had a high school grade point average between 3.0 and 4.0.

[1] In 2017, the University changed its methodology for calculating the average score. Previously, the average was based on the sum of best scores for each of the two test sections; the new score is based on the highest total of a single test session.

**Purdue Global Admissions**

Purdue Global emerged from the acquisition of Kaplan University in March 2018. The number of inquiries, applications and resulting start of classes for undergraduate, graduate and post-graduate students are shown below.

| Fiscal Year | Inquiries | Applicants | Starts | Yield | Academic Periods |
|---|---|---|---|---|---|
| 2017-2018 [1] | 383,678 | 12,389 | 6,736 | 54.4% | 5 |
| 2018-2019 | 1,377,475 | 49,156 | 35,173 | 71.6% | 22 |
| 2019-2020 | 1,195,713 | 50,788 | 37,533 | 73.9% | 22 |
| 2020-2021 | 1,269,484 | 51,634 | 36,791 | 71.3% | 22 |

[1] April – June 2018

**Tuition and Fees**

The University operates its programs on a two semester and summer session basis. Fees, tuition and other costs of attending the University vary by campus and resident status. For resident students at the West Lafayette campus, educational costs include general academic fees, other special fees, and room and board. Non-resident students are also charged a tuition fee. Fees and tuition are charged per semester for students on the West Lafayette campus. Charges for students attending the regional campuses are based on the number of credit hours taken.

<u>Student Fees, Tuition and Other Fees</u>: The table below sets forth the tuition and general fees applicable to both full-time and part-time students at the West Lafayette campus for the past five academic years. Approximately 58% of the total undergraduate and graduate students at the West Lafayette campus and approximately 14% of regional campus students were non-residents of the State of Indiana at Fall 2021. The full-time summer session tuition and fees is one-half of the regular academic year tuition and fees. The fees for undergraduate and graduate students are the same.

**Main Campus - Tuition and Fees**

| West Lafayette | Full-Time[1] | | Part-Time[2] | |
|---|---|---|---|---|
| Academic Year | Indiana Resident | Non-Resident | Indiana Resident | Non-Resident |
| 2017-18 | $9,992 | $28,794 | $348 | $948 |
| 2018-19 | $9,992 | $28,794 | $348 | $948 |
| 2019-20 | $9,992 | $28,794 | $348 | $948 |
| 2020-21 | $9,992 | $28,794 | $348 | $948 |
| 2021-22 | $9,992 | $28,794 | $348 | $948 |

[1] Per Academic Year; [2] Per Credit Hour

To help meet the University's goal of student affordability, the University has kept tuition at the West Lafayette campus frozen at the rates approved for the 2012-2013 academic year. At its December 2021 meeting, the Board of Trustees approved extending the tuition freeze for an 11th straight year (through the 2023-2024 academic year).

The table below sets forth the tuition and fees charged per academic year to students attending each regional campus for the past five academic years. The tuition and fees listed assume that undergraduate students are enrolled for 30 hours per academic year and graduate students are enrolled for 24 hours per academic year. PNW and PFW implemented new tuition rates for domestic, non-resident students effective in 2018-2019 and 2019-2020, respectively.

**Regional Campus - Tuition and Fees**

| Fort Wayne | Undergraduate | | | Graduate | | |
|---|---|---|---|---|---|---|
| Academic Year | Indiana Resident | Non-Resident | Non-Resident Domestic | Indiana Resident | Non-Resident | Non-Resident Domestic |
| 2017-18 | $8,330 | $20,004 | | $8,215 | $18,600 | |
| 2018-19 | $8,450 | $20,288 | | $8,334 | $18,864 | |
| 2019-20 | $8,589 | $21,369 | $20,622 | $8,472 | $19,933 | $19,176 |
| 2020-21 | $8,730 | $21,720 | $20,961 | $8,611 | $20,261 | $19,491 |
| 2021-22 | $8,857 | $22,035 | $21,265 | $8,736 | $20,555 | $19,774 |
| **Northwest** | **Undergraduate** | | | **Graduate** | | |
| Academic Year | Indiana Resident | Non-Resident | Non-Resident Domestic | Indiana Resident | Non-Resident | Non-Resident Domestic |
| 2017-18 | $7,581 | $17,129 | | $7,367 | $15,716 | |
| 2018-19 | $7,686 | $17,367 | $11,153 | $7,469 | $15,935 | $10,978 |
| 2019-20 | $7,813 | $17,654 | $11,336 | $7,592 | $16,198 | $11,160 |
| 2020-21 | $7,942 | $17,945 | $11,523 | $7,717 | $16,465 | $11,344 |
| 2021-22 | $8,057 | $18,205 | $11,690 | $7,829 | $16,704 | $11,508 |

**Purdue Global**

During a full academic year, Purdue Global offers classes in 22 terms across four separate tracks. Students can apply and enroll in multiple terms within one track. For 2020-21, standard tuition for courses at the Certificate, Associate, Bachelor, Master and Doctorate levels range from $315 to $700 per credit hour. Effective January 29, 2020, Indiana residents receive discounts of approximately 25% for undergraduate studies and 10% for Master's studies from these rates. Term based pricing for the Bachelor and Master levels ranges from $1,700 to $3,200.

**Student Enrollment**

The University attracts students from a variety of backgrounds and geographical locations. In the most recent year reported below, approximately 61% of the University's undergraduate students are residents of Indiana. The student body represents all 50 states and 128 countries.

The following table presents the University's combined headcount enrollment for the fall semester over the past five academic years. For Fall 2021, the undergraduate enrollment at the West Lafayette is the largest in Purdue's history.

| | West Lafayette Campus | | | Regional Campuses | | | Statewide Technology | University Total |
|---|---|---|---|---|---|---|---|---|
| Academic Year | Full-Time | Part-Time | Total | Full-Time | Part-Time | Total | | |
| 2017-18 | 36,071 | 5,502 | 41,573 | 12,491 | 9,994 | 22,485 | 1,128 | 65,186 |
| 2018-19 | 37,763 | 5,648 | 43,411 | 11,996 | 8,616 | 20,612 | 1,072 | 65,095 |
| 2019-20 | 38,630 | 5,921 | 44,551 | 11,430 | 8,784 | 20,214 | 953 | 65,718 |
| 2020-21 | 39,154 | 6,715 | 45,869 | 10,789 | 6,667 | 17,456 | 792 | 64,117 |
| 2021-22 | 42,330 | 7,309 | 49,639 | 9,887 | 7,205 | 17,092 | 708 | 67,439 |

The following table sets forth the undergraduate, the graduate and professional headcount enrollment, the full-time equivalent for the West Lafayette campus, and the full-time equivalent for the Purdue System.

| | West Lafayette | | | | Purdue System |
|---|---|---|---|---|---|
| Academic Year | Undergraduate | Graduate & Professional | Total | Full-Time Equivalent [1] | Full-Time Equivalent [1] |
| 2017-18 | 31,006 | 10,567 | 41,573 | 39,063 | 55,348 |
| 2018-19 | 32,672 | 10,739 | 43,411 | 40,858 | 56,381 |
| 2019-20 | 33,646 | 10,905 | 44,551 | 41,878 | 56,706 |
| 2020-21 | 34,920 | 10,949 | 45,869 | 42,633 | 56,170 |
| 2021-22 | 37,101 | 12,538 | 49,639 | 45,990 | 58,488 |

[1] Calculated by dividing total credit hours by 15 for undergraduate, professional and certificate students and by 12 for graduate students.

As of March 2022, approximately 33,800 students were enrolled at Purdue University Global.

**Faculty and Employees**

As of October 31, 2021, the University's faculty and staff aggregate total was 19,647. Of the total faculty, 59% held tenured/tenure track appointments. No labor organization is a collective bargaining representative for any of the Corporation's employees.

| Faculty & Staff | West Lafayette | Regional & Statewide Technology | Total |
|---|---|---|---|
| Tenured/Tenure Track Faculty | 1,910 | 481 | 2,391 |
| Non-Tenure Appointments | 984 | 116 | 1,100 |
| Continuing Lecturers and Limited-Term Lecturers | 507 | 555 | 1,062 |
| Adjunct Faculty | 358 | 232 | 590 |
| Graduate Student Staff | 5,322 | 183 | 5,505 |
| Staff | 7,724 | 1,275 | 8,999 |
| **TOTAL** | **16,805** | **2,842** | **19,647** |

**Facilities (as of Fall 2021)**

Academic, Administrative, Athletic and Residential Facilities: Across its main and regional campuses, the University has 260 principal buildings of 10,000 or more square feet used for academic instruction, research, athletics, residential and administrative functions. The University, together with related foundations, owns approximately 19,755 acres of land including acreage used for agricultural purposes throughout the State of Indiana.

Libraries: The Purdue University Libraries and School of Information Studies (PULSIS) system on the West Lafayette campus includes six subject-oriented libraries, the Hicks Undergraduate Library, and the Virginia Kelly Karnes Archives and Special Collections Research Center.

Research Facilities: The University has approximately 1.6 million square feet of research laboratories located on its West Lafayette campus. In addition to the laboratories for research within a department or school, there are many other specialized research facilities, some of an interdisciplinary nature.

Housing and Dining Facilities: The University provides a variety of student residence and dining operation facilities for single undergraduate students, graduate students and married students. Accommodations, including room and board, room only and apartments are available to both undergraduate and graduate students.

Athletic Facilities: The University's West Lafayette campus is home to Ross-Ade football stadium, which seats almost 57,300, and Mackey Arena, which seats over 14,220. Additional facilities include the Birck Boilermaker Golf Complex, Blake Wrestling Training Center, Holloway Gymnasium, Drew and Brittany Brees Student-Athlete Academic Center, Lambert Fieldhouse, Mollenkopf Athletic Center, Kozuch Football Performance Complex, Morgan J. Burke Aquatic Center, Rankin Track and Field Complex, Schwartz Tennis Center, the Northwest Athletic site for baseball, soccer and softball, and a cross-country course.

Parking Facilities: The University has six parking garages on the West Lafayette campus, one on the PNW Hammond campus and three on the Fort Wayne campus. Surface lots on all campuses provide additional parking capacity.

Other Facilities: The University's other facilities at the West Lafayette campus include the Purdue University Airport; the Edward C. Elliott Hall of Music which seats over 6,000 people; and the Slayter Center of the Performing Arts. In addition, Discovery Park provides facilities for interdisciplinary research and education. The Thomas S. and Harvey D. Wilmeth Active Learning Center provides classroom, study and collaborative spaces. In February 2018, the University acquired the Gabis Arboretum at Purdue Northwest, through a gift of 300 acres of property and all its assets.

Purdue Global: In addition to online classes, Purdue Global utilizes four leased spaces for specialized instruction in four states.

**Physical Facilities Sustainability Master Plan**

In April 2020, Purdue University's Campus Planning and Sustainability Department launched the 2020 Physical Facilities Sustainability Master Plan for the West Lafayette campus. The master plan aligns with the 2018 Giant Leaps Campus Master Plan and creates a clear, measurable vision for the next five years of sustainability efforts. Based on lessons learned over the past decade and best practices implemented by both peers and the private sector, the plan addresses the following key issues: Simplifies the message; Makes measurable, metric-based goals; Focuses the scope on Physical Facilities initiatives; Aligns with the fiscal calendar considering funding strategies and costs of projects; Sets up a framework to report on progress annually; Builds in an update as a five-year plan. The plan outlines 13 goals in five categories with targeted completion by FY25 and a baseline of FY11, except those noted below.

- **Energy**
  - E-1 Cut Carbon Emissions in Half
  - E-2 No Net Gain (cap total energy despite 2M GSF of growth)
  - E-3 Pursue 500kW of Renewable Energy
- **Water**
  - W-1 Reduce Water Consumption by 30% on a gallon per square foot basis
  - W-2 Develop a Strategy to Eliminate CSO (combined sewer overflow)
- **Materials**
  - M-1 Recycle Half Our Waste
  - M-2 Recycle 75%+ of Construction Waste
  - M-3 Recycle 100% of Institutional E-Waste (completed)
- **Buildings**
  - B-1 LEED Silver or Better for New Buildings / Large Projects > $10M
  - B-2 High Performance Requirements for Building Renovations / Small Projects < $10M
- **Grounds**
  - G-1 Plant One Tree per Day (Total 1,869 representing the year Purdue was founded – doubled to 3,738 trees
  - G-2 Sustainable Landscapes for All Purdue – all grounds in alignment with the Sustainable Landscape Plan
  - G-3 Double Bicycle Infrastructure with FY14 as the baseline year

**Financial Operations of the Corporation**

The financial statements of the University have been prepared in accordance with the principles contained in GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis –for State and Local Governments" as amended by GASB Statement No. 35, "Basic Financial Statements – and Management's Discussion and Analysis - for Public Colleges and Universities." During fiscal 2018, the Corporation, a blended component unit as discussed in Note 1 of the financial statements, completed a transfer of assets from Kaplan Higher Education, which is accounted for under GASB 69, Government Combinations.

The financial operations and consolidated balance sheet of the Corporation for the past five fiscal years are as follows:

**FINANCIAL OPERATIONS OF THE CORPORATION**

**Statement of Revenues, Expenses, and Changes in Net Position**

| | Fiscal Year Ended June 30 (dollars in thousands) | | | | |
|---|---|---|---|---|---|
| | **2021** | **2020** | **2019** | **2018** | **2017** |
| **Operating Revenues** | | | | | |
| Tuition and Fees | $1,459,857 | $1,385,459 | $1,378,546 | $1,037,216 | $902,701 |
| Less: Scholarship Allowance | (202,730) | (213,949) | (223,872) | (145,279) | (116,391) |
| Net Tuition and Fees | $1,257,127 | $1,171,510 | $1,154,674 | $891,937 | $786,310 |
| Grants and Contracts | 461,752 | 488,096 | 421,103 | 405,179 | 390,144 |
| Sales and Services | 128,826 | 140,368 | 148,176 | 91,810 | 83,117 |
| Auxiliary Enterprises (Net of Scholarship Allowance) | 183,613 | 217,506 | 227,482 | 285,583 | 262,235 |
| Other Operating Revenues | 3,080 | 2,863 | 2,781 | 7,172 | 8,657 |
| **Total Operating Revenues** | **$2,034,398** | **$2,020,343** | **$1,954,216** | **$1,681,681** | **$1,530,463** |
| **Operating Expenses** | | | | | |
| Compensation and Benefits | $1,601,165 | $1,655,110 | $1,658,423 | $1,469,602 | $1,401,010 |
| Supplies and Services | 696,386 | 693,889 | 740,379 | 558,063 | 469,902 |
| Depreciation Expense | 198,774 | 186,934 | 190,100 | 175,821 | 166,704 |
| Scholarships, Fellowships, and Student Awards | 98,585 | 62,240 | 65,666 | 67,613 | 70,452 |
| **Total Operating Expenses** | **$2,594,910** | **$2,598,173** | **$2,654,568** | **$2,271,099** | **$2,108,068** |
| **Net Operating Loss** | **($560,512)** | **($577,830)** | **($700,352)** | **($589,418)** | **($577,605)** |
| **Non-operating Revenues (Expenses)** | | | | | |
| State Appropriations | $394,199 | $401,886 | $405,921 | $398,143 | $397,705 |
| Grants and Contracts | 222,186 | 138,170 | 147,944 | 77,447 | 50,605 |
| Private Gifts | 127,876 | 78,258 | 102,397 | 91,659 | 83,984 |
| Investment Income | 817,421 | 58,233 | 181,639 | 125,711 | 169,341 |
| Interest Expense | (35,203) | (28,969) | (29,159) | (29,687) | (23,669) |
| Other Non-operating Revenues, Net | (20,606) | 4,950 | 5,596 | 3,408 | 5,167 |
| Total Non-operating Revenues before Capital/Endowments | **$1,505,873** | **$652,528** | **$814,338** | **$666,681** | **$683,133** |
| **Capital and Endowments** | | | | | |
| State Capital Appropriations | $ - | $ - | $305 | $514 | $27,894 |
| Capital Gifts | 15,430 | 41,146 | 46,574 | 24,422 | 10,865 |
| Private Gifts for Permanent Endowments and Charitable Remainder Trusts | 51,505 | 37,810 | 57,987 | 46,192 | 28,847 |
| **Total Capital and Endowments** | **$66,935** | **$78,956** | **$104,866** | **$71,128** | **$67,606** |
| **Income Before Other Revenues, Expenses, Gains, Losses, and Transfers** | **$1,012,296** | **$153,654** | **$218,852** | **$148,391** | **$173,134** |
| **Other Revenues, Expenses, Gains, Losses, and Transfers** | **$ -** | **$ -** | **$ -** | **$25,387** | **$ -** |
| **Increase in Net Position** | **$1,012,296** | **$153,654** | **$218,852** | **$173,778** | **$173,134** |
| **Net Assets, Beginning of Year** | **$5,084,808** | **$4,931,154** | **$4,712,302** | **$4,538,524** | **$4,426,942** |
| **Prior Period Adjustments** | **-** | **-** | **-** | **-** | **(61,552)** |
| **Net Assets, End of Year** | **$6,097,104** | **$5,084,808** | **$4,931,154** | **$4,712,302** | **$4,538,524** |

**Summary Statement of Net Position**

| | Fiscal Year Ended June 30 (dollars in thousands) | | | | |
|---|---|---|---|---|---|
| | **2021** | **2020** | **2019** | **2018** | **2017** |
| Current Assets | $ 871,865 | $ 898,402 | $ 800,607 | $ 709,792 | $ 649,350 |
| Capital Assets | 2,806,662 | 2,642,403 | 2,520,836 | 2,496,148 | 2,408,286 |
| Other Assets | 4,160,317 | 3,214,695 | 3,195,472 | 2,997,230 | 2,939,846 |
| **Total Assets** | **7,838,844** | **6,755,500** | **6,516,915** | **6,203,170** | **5,997,482** |
| Deferred Outflows of Resources | 39,502 | 36,832 | 42,194 | 59,330 | 76,129 |
| Current Liabilities | 541,575 | 573,427 | 551,541 | 459,003 | 382,335 |
| Noncurrent Liabilities | 1,184,711 | 1,087,558 | 1,043,797 | 1,055,143 | 1,105,941 |
| **Total Liabilities** | **1,726,286** | **1,660,985** | **1,595,338** | **1,514,146** | **1,488,276** |
| Deferred Inflows of Resources | 54,956 | 46,539 | 32,617 | 36,052 | 46,811 |
| Net Investment in Capital Assets | 1,719,680 | 1,710,945 | 1,610,376 | 1,552,896 | 1,454,962 |
| Restricted - Nonexpendable | 872,775 | 820,444 | 777,197 | 707,779 | 652,926 |
| Restricted - Expendable | 1,482,763 | 928,747 | 1,011,002 | 951,793 | 941,110 |
| Unrestricted | 2,021,886 | 1,624,672 | 1,532,579 | 1,499,834 | 1,489,526 |
| **Total Net Position** | **$ 6,097,104** | **$ 5,084,808** | **$ 4,931,154** | **$ 4,712,302** | **$ 4,538,524** |

Please refer to the University's audited financial statements for additional information on the financial operations and balance sheet.

**Student Fees**

Student Fee Bonds are payable from "Student Fees". The General Assembly has historically appropriated to the University an amount equal to the annual debt service requirements due on previously approved and outstanding Student Fee Bonds that are eligible for "Fee Replacement." See "State Appropriations to the University".

The Student Fees (for purposes of the Corporation's student fee indenture) for the past five years are below.

**Student Fee Revenues**
(dollars in thousands)

| **Fiscal Year Ended June 30** | **2021** | **2020** | **2019** | **2018** | **2017** |
|---|---|---|---|---|---|
| Total Tuition & Fees | $ 1,459,857 | $ 1,385,459 | $ 1,378,546 | $ 1,037,216 [1] | $ 902,701 |
| Less: Scholarship Allowance | (202,730) | (213,949) | (220,216) | (145,279) | (116,391) |
| Less: Purdue Global, Net | (372,046) | (306,373) | (305,119) | (93,665) | - |
| **Purdue University Tuition & Fees** | **$ 885,081** | **$ 865,137** | **$ 853,211** | **$ 798,272** | **$ 786,310** |

**Budgeting**

The University's Board of Trustees approves an operating budget for each fiscal year based upon the proposed budget submitted by the President and senior administrative officers of the University. To establish an operating budget, the University takes into consideration appropriations from the State and revenue from all other sources including student fees. The State appropriations include funding for operations, fee replacement (debt service), capital, repair and rehabilitation and other public service functions. See "*State Appropriations*".

## State Appropriations

To sustain its mission and educational activities, the University receives a portion of its revenues from the State of Indiana. Other revenues are derived substantially from student fees and the federal government.

The University has annually received and anticipates receiving appropriations from the Indiana General Assembly. On a biennial basis, the University submits a request to the Indiana Commission for Higher Education and the State Budget Agency seeking appropriations from the General Assembly. These appropriations have been and are to be applied to the educational and general expenditures of the University, to fund major repair and rehabilitation projects and to assist with debt service.

The General Assembly's authorization of certain capital construction projects for the University, payable from Student Fee revenues, are designated as eligible or not eligible for "Fee Replacement". With respect to the financing of eligible Fee Replacement projects, the General Assembly authorizes the appropriation, on a biennial basis, or otherwise provides for an amount equal to the annual debt service requirements due on Student Fee Bonds issued to finance such projects. In the 45 plus years of making Fee Replacement appropriations, the State has never failed to fully fund or otherwise provide for a Fee Replacement obligation established by a prior General Assembly. Approximately one-third of the University's total debt service is eligible for Fee Replacement appropriations. The University expects that the policy of Fee Replacement appropriations will be continued in future years.

The State appropriations received by the University for fiscal years 2017 through 2021 and budgeted for fiscal years 2022 and 2023 are set forth below. This information should be reviewed in conjunction with the University's financial statements, including the Management Discussion and Analysis, and the Notes to the statements. On June 10, 2020, Indiana's State Budget Agency announced that FY21 operating appropriations for state higher education institutions would be reduced by 7% from the originally appropriated amount as a result of state revenue shortfalls caused by the pandemic. The 7% operating appropriation reduction was reverted in FY22.

**State Appropriations**
(dollars in thousands)

| Fiscal Year Ended June 30 | Unrestricted | | Restricted | | | |
|---|---|---|---|---|---|---|
| | General Operating | Fee Replacement | Repair & Rehabilitation | Special | Non-Recurring Appropriations | Total |
| 2017 | 326,131 | 27,541 | 10,567 | 33,466 | 27,894 | 425,599 |
| 2018 | 321,832 | 25,127 | 11,251 | 36,402 | 4,044 | 398,657 |
| 2019 | 323,787 | 32,280 | 11,251 | 36,402 | 2,505 | 406,225 |
| 2020 | 326,159 | 29,599 | 12,242 | 33,620 | 267 | 401,886 |
| 2021 | 307,834 [1] | 39,080 | 12,242 | 31,277 | 3,766 | 394,199 |
| 2022 (Budgeted) | 331,004 | 39,084 | 12,242 | 34,681 | 267 | 417,278 |
| 2023 (Budgeted) | 335,099 | 35,930 | 12,242 | 34,681 | 3,500 | 421,452 |

Note: Sums may not equal totals due to rounding.

[1] Reflects 7% reduction of the original appropriation by the State for projected COVID-19 economic impacts.

**REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK**

## Student Financial Aid

The following table summarizes the financial aid provided to students of the University from a limited set of various sources for the 2020-21 academic year. Purdue Global offers multiple terms, which differ from the traditional academic calendar at Purdue University.

**Student Financial Assistance[1]**

**Aid Year 2020-21**

| | West Lafayette | Regional Campuses | Total | Purdue Global |
|---|---|---|---|---|
| **Scholarships and Grants:** | | | | |
| University Scholarships, Grants & Fee Remissions | $ 95,988,710 | $ 17,595,421 | $ 113,584,131 | $ 54,737,133 |
| Athletic Grant-in-Aid | 11,655,307 | 3,611,731 | 15,267,038 | - |
| State Awards | 29,900,563 | 18,855,310 | 48,755,873 | 2,960,363 |
| Private Awards | 15,458,081 | 4,172,092 | 19,630,173 | 447,214 |
| Fellowships | 8,563,549 | - | 8,563,549 | - |
| Federal Pell Grants | 25,556,537 | 23,817,990 | 49,374,527 | 78,084,146 |
| Federal SEOG | 1,834,515 | 844,800 | 2,679,315 | 3,418,291 |
| Other Federal Aid | 129,029 | 3,227,431 | 3,356,460 | 299,635 |
| **Total** | **$ 189,086,291** | **$ 72,124,775** | **$ 261,211,065** | **$ 139,946,782** |
| **Loans:** | | | | |
| Federal Stafford Loans | $ 92,971,816 | $ 39,873,710 | $ 132,845,526 | $ 288,317,342 |
| Federal Parent Loans for Undergraduate Students | 31,207,169 | 3,858,912 | 35,066,081 | 2,734,554 |
| Federal Graduate PLUS Loans | 3,641,413 | 33,970 | 3,675,383 | 2,050,214 |
| Federal Health Professions Loans | 847,890 | - | 847,890 | - |
| Purdue Loans | 1,090,190 | - | 1,090,190 | - |
| Private Loans | 42,689,563 | 3,654,350 | 46,343,913 | 2,483,327 |
| **Total** | **$ 172,448,041** | **$ 47,420,942** | **$ 219,868,983** | **$ 295,585,437** |
| **Employment and Employment Related:** | | | | |
| Work-Study Salaries | $ 1,033,559 | $ 249,474 | $ 1,283,033 | $ 205,245 |
| Graduate Student Staff Salaries | 116,936,831 | 2,349,136 | 119,285,967 | - |
| Other Part-Time University Salaries | 16,763,640 | 3,106,798 | 19,870,438 | - |
| Employment Related Fee Remissions | 55,230,788 | 2,286,325 | 57,517,114 | - |
| Other Employment Related Awards | - | - | - | 32,880,544 |
| **Total** | **$ 189,964,818** | **$ 7,991,734** | **$ 197,956,552** | **$ 33,085,789** |
| **Private/Other:** | | | | |
| Contracts | $ 24,846,206 | $ 1,531,256 | $ 26,377,462 | $ 34,737,237 |
| Fee Dedicated Aid | 8,072,940 | - | 8,072,940 | - |
| Other | 1,907,138 | - | 1,907,138 | - |
| **Total** | **$ 34,826,284** | **$ 1,531,256** | **$ 36,357,540** | **$ 34,737,237** |
| **Total Student Financial Assistance** | **$ 586,325,434** | **$ 129,068,706** | **$ 715,394,140** | **$ 503,355,245** |

Note: Sums may not equal totals due to rounding.

[1] Data may not tie to fiscal year reporting provided in the Financial Report.

**Endowment and Similar Funds**

The Corporation's endowment and similar funds include (1) endowment funds which are subject to the restrictions of gift instruments requiring that the principal be maintained in perpetuity, the current income and capital appreciation of which are distributed at an annualized rate based on the market value of the endowment, either for donor-specified purposes or for general purposes of the University and (2) funds functioning as endowments which represent expendable funds received which, by decision of the Board of Trustees of the Corporation, have been retained and invested for future use, in accordance with the donor's restrictions or at the discretion of the Board of Trustees of the Corporation. The market value figures at the end of the past five fiscal years are shown below. These values are not pledged under any Indenture of the Corporation and do not include endowments separately held by the Corporation valued at $76,967,879 on June 30, 2021. The current spending policy for the endowment allows for an annualized rate of up to five percent (5.0%) within the range of (a) the current market value of the endowment and (b) the average of the ending market values for the prior twelve quarters.

| Fiscal Year Ended June 30 | Endowment Market Value |
|---|---|
| 2017 | $1,572,080,183 |
| 2018 | $1,679,484,031 |
| 2019 | $1,756,734,278 |
| 2020 | $1,764,182,976 |
| 2021 | $2,615,864,790 |

As of March 1, 2022, the unaudited market value of the Corporation's endowment was $2,762,889,462 (including net additions).

**Related Foundations**

The foundations listed below are organized exclusively to serve the University by providing funds and other resources. The funds and other assets managed by Purdue Research Foundation ("PRF") are comprised primarily of the Corporation's endowment, as described above under "Endowment and Similar Funds", and PRF's endowment. The asset value, income and support to the Corporation for each foundation for the fiscal year ending June 30, 2021 are shown in the following table.

| Foundation | Asset (Book) Value | Income | Disbursed to/for the Corporation |
|---|---|---|---|
| Purdue Research Foundation [1] | $ 3,476,026,690 | $ 233,586,569 | $ 48,403,059 |
| Ross-Ade Foundation | 181,997,639 | 3,154,582 | 4,034,061 |
| Purdue Fort Wayne Foundation | 13,222,284 | 1,735,527 | 2,056,757 |
| **Total** | **$ 3,671,246,613** | **$ 238,476,678** | **$ 54,493,877** |

[1] Includes book value of endowment (net) of $777,559,552 (Purdue Research Foundation) and $1,977,060,422 (Corporation) (market values of $997,993,537 and $2,511,909,117, respectively).

Purdue Research Foundation: The Purdue Research Foundation, organized in 1930, is a nonprofit corporation that may accept gifts, administer trusts, acquire property, negotiate research contracts and perform other services helpful to the University. Its objectives are exclusively to aid the University. This Foundation developed the Purdue Research Park that provides a program for collaboration between research and development activities of industry and the basic research of the University. The Foundation owns 6,317 acres of land, 5,301 acres of which are leased to the University.

Ross-Ade Foundation: The Ross-Ade Foundation was organized in 1923 through gifts from alumni to promote and develop the educational and physical welfare of students with funds that could not be provided from state appropriations. This Foundation has built football and softball stadiums and parking garages for the University, and has been instrumental in the development of the regional campuses by acquiring the land and constructing facilities. All the facilities are leased to the Corporation on a cost basis. The five-member Board of Directors of this Foundation includes two members of the Board of Trustees of the Corporation and the University President, who serves as President of the Board.

Purdue Fort Wayne Foundation: The Purdue Fort Wayne Foundation was incorporated in 1958 exclusively to promote the educational purposes of Purdue University Fort Wayne. The PFW Foundation accomplishes that purpose by owning and leasing land and buildings, receiving gifts of money or property, and investing, transferring, or leasing personal or real property for educational or charitable purposes. The University appoints the voting majority of the PFW Foundation's Board of Directors, but it is not substantively the same as the University's Board of Directors.

Please refer to the University's audited financial statements for additional information on the related foundations.

**Fundraising Activity**

The table below summarizes gift giving by category over the past five fiscal years. Purdue's total of $421 million in fiscal year 2021 was its third highest in University history and the largest total in a non-campaign fiscal year. Additionally, the average monthly fundraising totals rebounded to $35 million, exceeding the pre-pandemic monthly average in fiscal year 2020. This improvement was a result of strong relationship work during the Covid-19 pandemic, the Protect Purdue campaign to help support the safe reopening of campus, and two Days of Giving in the fall and spring timeframes. The University raised $101.9 million for student support, the second-highest total in its history. Scholarship giving remains strong and donors also responded to our need for additional graduate student fellowship support.

**Total Gift Giving by Category**

(dollars in thousands)

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Cash/Securities [1] | $ 204,426 | $ 233,542 | $ 185,477 | $ 168,236 | $ 146,272 |
| Real Estate | 0 | 525 | 980 | 2,116 | 63 |
| Gifts-in-Kind | 89,268 | 79,906 | 101,277 | 123,454 | 95,796 |
| Irrevocable Deferred | 14,629 | 7,334 | 3,301 | 11,181 | 2,851 |
| Revocable Deferred | 95,588 | 68,525 | 140,712 | 88,479 | 80,489 |
| New Pledge Balances [1] | 116,455 | 82,832 | 158,536 | 101,985 | 68,956 |
| **Total Production** | **$ 520,366** | **$ 472,664** | **$ 590,282** | **$ 495,451** | **$ 394,427** |
| Less: Prior Year Pledge payments [1] | (99,026) | (130,639) | (72,659) | (43,993) | (42,569) |
| **Net Production** | **$ 421,340** | **$ 342,025** | **$ 517,623** | **$ 451,459** | **$ 351,858** |

Note: sums may not equal totals due to rounding.

[1] New Pledge Balances are recorded at the total pledge amount in the year in which the commitment is made. Payments made on those pledges in subsequent years are processed and recorded as Cash/Securities in the year in which the payments are received, and then subtracted as Prior Year Pledge payments to provide annual Net Production.

For fiscal year 2022, the University set a goal of $500 million in net production. Through March 1, 2022, the total raised was $405.4 million, or 81% of the goal.

**Grants and Contracts**

System-wide sponsored program expenditures for the 2020-21 fiscal year were $494 million, an increase of $50.5 million, or approximately 11.4%, above previous year expenditures. Activity includes approximately $54 million in Institutional Higher Education Emergency Relief Fund (HEERF) expenditures. The following list represents fiscal 2021 expenditures by departments with sponsored research program expenditures in excess of $10 million.

| Department | Total ($MM) | Department | Total ($MM) |
|---|---|---|---|
| Mechanical Engineering | 43.0 | Materials Engineering | 13.9 |
| Electrical & Computer Engineering | 41.2 | Chemical Engineering | 13.4 |
| Treasurer & CFO | 33.4 | Biological Sciences | 13.4 |
| Chancellor Admin | 20.6 | Physics and Astronomy | 13.2 |
| Chemistry | 18.9 | Biomedical Engineering | 11.5 |
| Civil Engineering | 18.3 | Medicinal Chemistry & Molecular Pharmacology | 11.4 |
| Aeronautics & Astronautics | 17.5 | Industrial Engineering | 10.1 |
| Computer Science | 14.9 | | |

The following tables lists sources of grants and contracts for the past five fiscal years:

**Grants and Contracts by Source (Expenditures)**
Fiscal Year Ended June 30
(dollars in thousands)

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| **Federal Sources** | | | | | |
| Department of HHS | $ 73,382 | $ 69,106 | $ 61,408 | $ 58,441 | $ 52,115 |
| National Science Foundation | 71,894 | 72,668 | 71,186 | 69,632 | 66,757 |
| Department of Energy | 29,511 | 28,929 | 27,048 | 24,366 | 24,069 |
| Department of Defense | 53,607 | 44,995 | 40,075 | 44,122 | 40,805 |
| Department of Agriculture | 17,833 | 15,184 | 16,986 | 17,704 | 19,072 |
| Other Federal Agencies | 104,546 | 47,540 | 39,465 | 38,681 | 38,862 |
| **Total** | **$ 350,772** | **$ 278,423** | **$ 256,167** | **$ 252,946** | **$ 241,679** |
| **Non-Federal Sources** | | | | | |
| State of Indiana | $ 27,723 | $ 30,064 | $ 30,066 | $ 27,663 | $ 26,042 |
| Business and Foundations | 97,449 | 112,918 | 105,279 | 96,791 | 114,146 |
| Non-Profit Organizations | 11,431 | 13,762 | 13,414 | 19,918 | 20,440 |
| Foreign Government | 6,633 | 8,383 | 7,417 | 5,209 | 5,236 |
| **Total** | **$ 143,236** | **$ 165,127** | **$ 156,176** | **$ 149,581** | **$ 165,864** |
| **Combined Total** | **$ 494,008** | **$ 443,550** | **$ 412,343** | **$ 402,527** | **$ 407,543** |

Note: Sums may not equal totals due to rounding

Research funding awards for Fiscal 2021 totaled $668.2 million. Research funding awards for Fiscal 2022 through March 1, 2022 totaled $393.9 million, an increase of $10.9 million over the same period of Fiscal 2021.

**Outstanding Indebtedness**

The Corporation is authorized by various acts of the Indiana General Assembly to issue bonds for the purpose of financing construction of student union buildings, academic and athletic facilities, residence halls, and qualified energy savings projects, among other purposes. The Corporation has never failed to pay punctually, and in full, all amounts due for principal and interest on any indebtedness. Total outstanding indebtedness of the Corporation is summarized in the following table.

For the obligations shown in the table, note Student Fee Bonds are secured by a pledge of Student Fees, Student Facilities System Revenue Bonds are secured by a pledge of the net income of the designated Auxiliary Enterprise and payable from available funds of the Corporation, and Leasehold Indebtedness is payable from available funds of the Corporation.

**REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK**

| Debt Outstanding | Final Maturity | Amount Outstanding as of April 1, 2022 | |
|---|---|---|---|
| **Bonds Outstanding** | | | |
| Student Fee Bonds, Series U | 2022 | $2,990,000 | |
| Student Fee Bonds, Series Z-2 | 2035 | 73,615,000 | |
| Student Fee Bonds, Series AA | 2032 | 36,135,000 | (1) |
| Student Fee Bonds, Series BB-1 | 2034 | 24,300,000 | |
| Student Fee Bonds, Series BB-2 | 2032 | 12,480,000 | |
| Student Fee Bonds, Series CC | 2036 | 101,425,000 | |
| Student Fee Bonds, Series DD | 2038 | 79,680,000 | |
| Student Fee Bonds, Series EE | 2037 | 106,215,000 | |
| Student Facilities System Revenue Bonds, Series 2004A | 2033 | 15,860,000 | |
| Student Facilities System Revenue Bonds, Series 2005A | 2029 | 5,755,000 | (2) |
| Student Facilities System Revenue Bonds, Series 2007A | 2029 | 39,150,000 | |
| Student Facilities System Revenue Bonds, Series 2007C | 2032 | 24,385,000 | (2) |
| Student Facilities System Revenue Bonds, Series 2012A | 2032 | 17,950,000 | (3) |
| Student Facilities System Revenue Bonds, Series 2015A | 2040 | 84,890,000 | |
| Student Facilities System Revenue Bonds, Series 2016A | 2036 | 51,635,000 | |
| **Leasehold Indebtedness** | | | |
| COPS 2006 | 2025 | 14,770,000 | |
| COPS 2014A | 2027 | 16,365,000 | |
| COPS 2016A | 2037 | 73,875,000 | |
| COPS 2021A | 2035 | 29,935,000 | |
| COPS 2021B | 2032 | 2,350,000 | |
| **Total Outstanding Indebtedness** | | **$813,760,000** | |

(1) The Corporation intends to refund $33,585,000 of Series AA bonds maturing after July 1, 2022 on the July 1, 2022 call date with Series FF bond proceeds

(2) The Corporation intends to refund $30,140,000 of variable rate Series 2005A and Series 2007C bonds with Series 2022A bond proceeds

(3) The Corporation intends to refund $16,665,000 of Series 2012A bonds maturing after July 1, 2022 on the July 1, 2022 call date with Series 2022A bond proceeds

## Physical Property

Physical property owned by the Corporation, or otherwise available to and utilized by the University, consists primarily of approximately 19,755 acres of land and 468 buildings. The buildings, together with equipment and furnishings, were valued at an estimated replacement cost for insurance purposes at approximately $8.5 billion as of June 30, 2021. The following table sets forth the increase in net plant investment for the past five fiscal years. Additions are valued at cost or, in the case of gifts, at fair value at the date of donation.

| Fiscal Year Ended June 30 | Investment in Plant (at cost) | Accumulated Depreciation | Net Book Value in Plant |
|---|---|---|---|
| 2017 | $4,536,409,000 | $2,128,123,000 | $2,408,286,000 |
| 2018 | $4,773,965,000 | $2,277,818,000 | $2,496,147,000 |
| 2019 | $4,961,826,000 | $2,440,990,000 | $2,520,836,000 |
| 2020 | $5,256,109,000 | $2,613,706,000 | $2,642,403,000 |
| 2021 | $5,573,599,000 | $2,766,937,000 | $2,806,662,000 |

## Insurance

Open Risk Property Coverage: All facilities of the Corporation are insured under a blanket form property policy, including new construction not yet completed. The blanket form covers buildings for loss up to the total of its replacement cost value (unless otherwise specified as actual cash value). There is a $500,000 deductible clause, which is applicable to each occurrence of loss. The Corporation self-insures losses within the $500,000 deductible through its Risk Management Reserve Fund. The Corporation also maintains business interruption insurance for protection against loss of income due to temporary shutdown of operations resulting from physical damage to property. The per occurrence policy limit for all property coverage is $1.5 billion.

Premises and Operations Liability: The Corporation procures insurance for liability brought by third parties arising out of accidents on University premises and in connection with its operations globally. Except for the airport (covered by a separate $100,000,000 liability policy) and the aircraft (covered by a separate $25,000,000 policy), the Corporation's primary liability policy is $50,000,000 per occurrence annual aggregate over a $2,000,000 per occurrence self-insured retention. Losses handled within this retention are funded through the Office of Risk Management allocated reserve fund.

**Capital Programs**

The University has an on-going capital improvement program consisting of new construction and the renovation of existing facilities. Capital improvement projects are expected to be funded from a variety of sources, including gifts, state appropriations, bond financing and University funds. Major projects currently under design or construction on the West Lafayette campus include:

| Funding Source (in $MM) | Gifts / Department | University Central Funding | Student Fee Bonds | Total |
|---|---|---|---|---|
| Polytechnic Gateway | $ 66.0 | $ 6.0 | $ 60.0 | **$ 132.0** |
| Vet Medicine Teaching Hospital | 8.2 | 26.8 | 73.0 | **108.0** |
| Schleman Hall/Data Science & Stewart Center | 5.0 | 47.8 | - | **52.8** |
| Hypersonics Research Facility | 5.0 | 36.0 | - | **41.0** |
| Purdue Memorial Union Ground Floor Dining | 35.7 | - | - | **35.7** |
| Hagle Hall Bands and Orchestras | 25.6 | - | - | **25.6** |
| **Total** | **$ 145.5** | **$ 116.6** | **$ 133.0** | **$ 395.1** |

At March 1, 2022, the University had $122.8 million of other major construction projects greater than $500,000 in progress or awarded.

As West Lafayette continues to see record growth in enrollment, the University is committed to ensuring that undergraduate housing on campus is available to meet student demand. Purdue is considering several approaches to addressing this need, including the potential construction of new residence halls consistent with the 2018 Giant Leaps Master Plan. The scope and funding sources for the additional housing are currently under consideration.

At Purdue Fort Wayne, a strategic goal of the long-term campus master plan aims to reinforce the campus core to better serve the cultural shift from a traditionally commuter campus to a more residential, student-life focused campus. This plan involves exploring and increasing housing options on campus. The University is evaluating a range of procurement methods for delivering the additional housing.

**Retirement Plans**

The Corporation participates in a defined contribution retirement plan for its faculty, professional and certain administrative employees. The retirement plan provides fully-vested, fully-funded, investment options. Employees are required to make a mandatory contribution equal to 4% of salary combined with the University’s contribution of 10% of salary. Voluntary participation in a 403(b) plan and/or a 457(b) plan is also available to certain employees. This plan is administered by Fidelity Investments. The Corporation is current with all payments due to Fidelity Investments.

All clerical and service staff hired on or after September 9, 2013 and employed at least half-time participate in a defined contribution retirement plan, which is subject to a three-year cliff vesting. The University will contribute 4% of an employee’s salary and make an additional match up to 4% of the employee’s salary. There is not a material forfeiture balance at this time.

The clerical and service staff hired on or prior to September 8, 2013 and employed at least half-time participate in the Public Employees Retirement Fund ("PERF") of the State of Indiana, which is the defined benefit retirement plan for all State employees. The Corporation's liability under this retirement plan is limited to a required annual contribution with respect to each participating employee. The annual required contribution from the University is established by PERF.

For the year ended June 30, 2021, there were 1,859 employees participating in PERF. The Corporation’s proportionate share of PERF’s Net Pension Liability, based on covered payroll of approximately $88,943,000, was 1.65% for the measurement date June 30, 2020, which was the date used for this financial report. The proportionate share of the Net Pension Liability as calculated by the Indiana Public Retirement System ("INPRS") under GASB 68 guidance was approximately $49,762,000 as of June 30, 2021.

The Corporation made contributions to the plan totaling approximately $10,020,000 for the year ending June 30, 2021. The amount of contribution made after the measurement date, which is shown as a deferred outflow was approximately $7,892,000 for the year ended June 30, 2021. The proportionate shares of pension plan expense for the year ended June 30, 2021, as calculated under GASB 68 guidance, was approximately $4,008,000, less net amortization of deferred amounts of approximately $1,178,000, leaving a net pension expense of approximately $2,830,000.

During fiscal 2016, the Corporation made a payment in the amount of $2,242,668 to the INPRS toward the Unfunded Actuarial Accrued Liability pursuant to Indiana Public Law 241-2015. The Corporation made an additional supplemental contribution in August 2016 in the amount of $20,184,015, satisfying the total liability of $22,426,683. The payment made in August 2016 is included in Accounts Payable and Accrued Expenses at June 30, 2016. The Corporation is current with all payments due to PERF.

The Corporation participates in a supplemental pension program for the University's police officers and firefighters. This plan is a defined benefit plan sponsored by the University, which, together with other retirement plans offered by the Corporation, provides for a total retirement benefit that is comparable to the benefits received by municipal police and fire personnel in Indiana. The program is an agent single-employer defined benefit plan administered by TIAA. The Corporation is current with all payments due to TIAA-CREF.

With respect to the PERF plan, it should be noted that (i) the information included in this pension disclosure relies on information produced by the PERF pension plan and their independent accountants and actuaries, (ii) actuarial assessments are “forward-looking” information that reflect the judgment of the fiduciaries of the pension plans, and (iii) actuarial assessments are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future, and will change with the future experience of the PERF pension plan.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing to: Public Retirement Fund, One North Capitol Ave., Suite 001, Indianapolis, IN 46204, or visiting https://www.in.gov/inprs/annualreports.htm.

Purdue Global: All full-time eligible employees of Purdue Global may participate in the Purdue University Global, Inc. 457(b) Deferred Compensation Plan immediately upon employment. The default elective deferral rate begins at 6% of eligible compensation, and increases annually by 1% until it reaches a maximum of 10%. Contributions are not mandatory, and employees have the option to defer 0% up to the maximum percentage of compensation allowed. In addition, employees who are not full time eligible employees may elect to participate in the plan by completing a deferred compensation agreement. All funds in this plan are immediately vested, so forfeitures do not exist. For the period ended June 30, 2021, there were 1,036 employees participating in the 457(b) plan with pay equal to approximately $48.9 million.

Additionally, all employees except interns, temporary, vacation relief, or call-in employees participate in the Purdue University Global, Inc. 403(b) Defined Contribution Retirement Savings Plan immediately upon commencement of employment. This plan features a non-elective employer contribution of 3% of participant’s compensation. It also provides an employer matching contribution of 100% of elective deferrals up to 4% of compensation made to the Purdue University Global, Inc. 457(b) Deferred Compensation Plan. Three-year cliff vesting is in effect for the contributions in this plan. For the period ended June 30, 2021, there were 2,142 employees participating in the 403(b) plan with pay equal to approximately $63.9 million. For the period ended June 30, 2021 the University made contributions totaling $3.7 million to the plan.

In 2018, the Plan’s board implemented a trust to hold the assets of the Program in accordance with Internal Revenue Code Section 457. The Plan assets are the property of the trust, which holds the assets on behalf of the participants. Therefore, in accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the assets of this Plan are not reported in the accompanying financial statements.

See Note 9 of the financial statement – Retirement Plans and the Required Supplementary Information to the Financial Statements for Purdue University for further information. See also Note 1 – Basis of Presentation and Summary of Significant Accounting Policies for a discussion of changes resulting from the adoption of GASB 68 and 71.

**Other Post-Employment Benefits (OPEB)**

In the financial statements for the year ending June 30, 2021, the University reported Other Post-Employment Benefits (OPEB) annual cost of $3,077,000. The University currently offers participation in its medical plan to official retirees and their dependents. As of July 1, 2014, separating employees who are 55 or older, and have at least 10 years of service are eligible. Official retirees under the age of 65 and their dependents are given the option to continue their medical insurance if they pay the entire cost of the blended medical plan rate, which includes both active employees and early retirees. The early retirees benefit in that the cost of the benefit exceeds the cost of the plans, which creates an implicit rate subsidy. After the retiree reaches the age of 65, the program is no longer offered.

During the fiscal year ended June 30, 2017, the Trustees approved a voluntary early retirement incentive program for certain employees aged 60 or older with at least 10 years of employment. The incentive program included contributions to a health reimbursement account (HRA), with maximum dollar amounts and length of participation based on the campus of employment at the date of retirement. 201 employees took the retirement incentive, and the actuarial calculations have been updated to take this into account.

Previous to fiscal year 2017, the Trustees had approved similar early retirement arrangements. For the years ended June 30, 2017 and 2016, there were 71 and 165 employees, respectively, participating in the previous voluntary retirement incentive programs.

Outstanding liabilities associated with all retiree related health reimbursement accounts as of June 30, 2021 and June 30, 2020 were approximately $2,157,141 and $2,431,000, respectively.

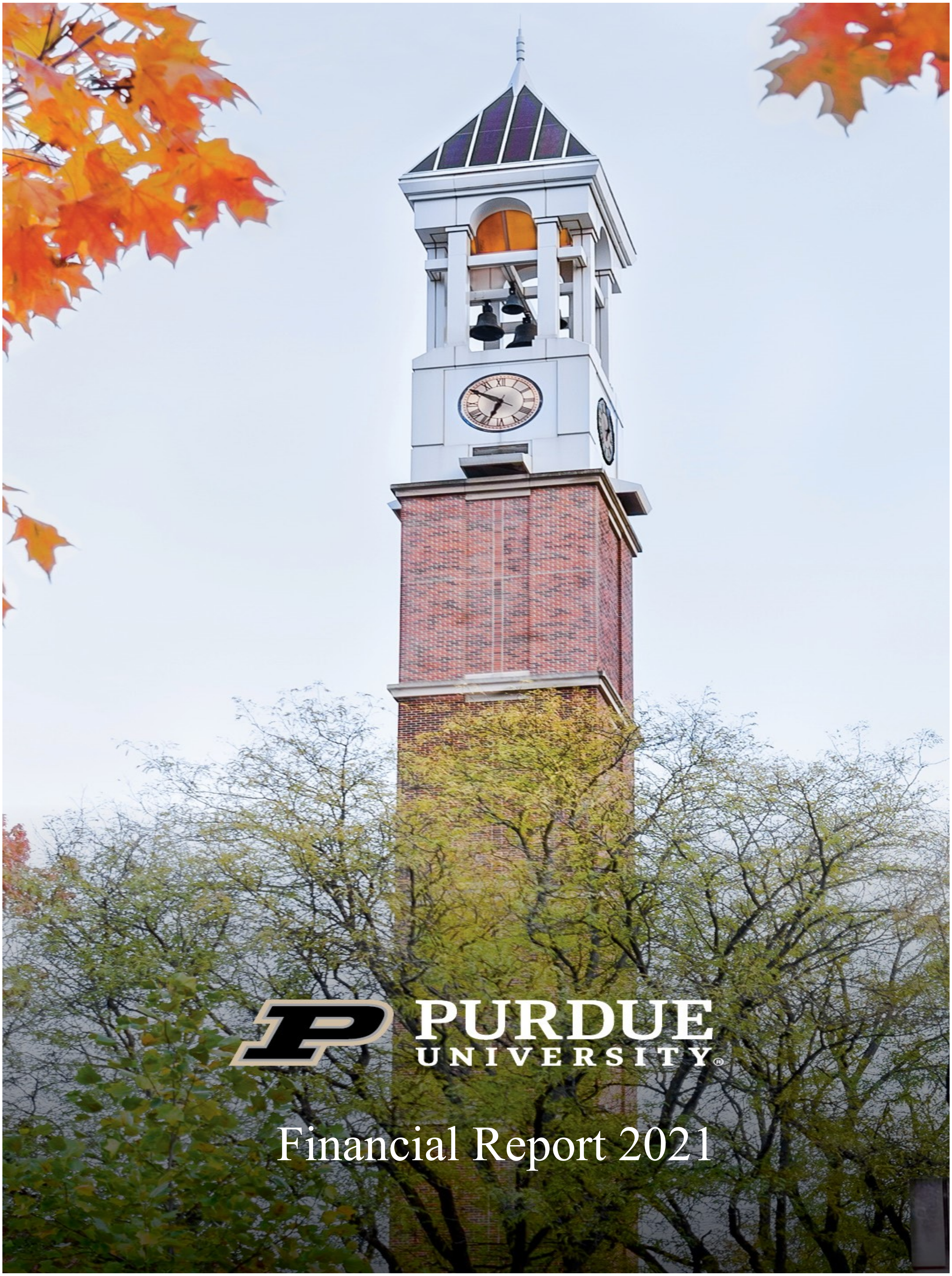
Purdue also offers a long-term disability program providing income continuation payments. Based on date of disability, some additional "auxiliary benefits" may be extended. Prior to January 1, 2013, the program included retirement benefit payments, medical benefit payments and life insurance premium payments for a small-required premium paid by the employee. Those who were participating in the program at that date continue to receive the benefits until they reach the age of 65. Individuals with a date of disability beginning on or after January 1, 2013, may continue medical benefits at the existing employee premiums until the employee becomes eligible for Medicare or for a maximum of three years after the employee becomes disabled, whichever comes first. All future and existing disability income benefit liability is fully insured through an insurance carrier.

See Note 7 of the financial statement – Other Debt Information for further information.

# APPENDIX B

# FINANCIAL REPORT OF
# THE CORPORATION FOR THE FISCAL YEAR
# ENDED JUNE 30, 2021

[THIS PAGE INTENTIONALLY LEFT BLANK]



PURDUE UNIVERSITY

# Financial Report 2021

# LETTER OF TRANSMITTAL

October 27, 2021

To the Board of Trustees of Purdue University:

On behalf of the students, faculty, staff, and other leaders of Purdue University, I respectfully submit this, the 99th annual financial report of Purdue University for the 2021 fiscal year. This report sets forth the complete and permanent record of the financial status of the University for the year.

Plante Moran, PLLC has audited these financial statements and their report, which is unmodified, follows.

At Purdue our goal continues to be providing "higher education at the highest proven value". We believe we made significant progress again this year. As this report shows, our university is in very strong financial shape — the result of the vigilant stewardship of so many across our campus.

Each year, we try to do a better job than the one before as a mark of respect for our state, the taxpayers, and the families who work so hard to send their children to Purdue. We appreciate the opportunity to share the most recent results.

Respectfully submitted,

MITCHELL E. DANIELS, JR.
*President*

Respectfully submitted,

CHRISTOPHER A. RUHL
*Treasurer and Chief Financial Officer*

Approved for publication and transmission to the governor of the state.

## BOARD OF TRUSTEES

***July 1, 2020-June 30, 2021***

The responsibility for making rules and regulations to govern the University is vested in a 10-member Board of Trustees appointed by the governor. The selection of these Trustees is prescribed in Indiana Code IC 21-23-3. Three of the Trustees are selected by the Purdue Alumni Association. The remaining seven Trustees are selected by the governor. Two of the Trustees must be involved in agricultural pursuits, and one must be a full-time student of Purdue University. All Trustees serve for a period of three years except for the student member, who serves for two years.

# OFFICERS OF THE UNIVERSITY
*As of June 30, 2021*

## OFFICERS OF THE BOARD OF TRUSTEES

**Michael R. Berghoff**, Chairman

**Gary J. Lehman**, Vice Chairman

**Christopher A. Ruhl**, Treasurer

**James S. Almond**, Assistant Treasurer and Assistant Secretary

**Janice A. Indrutz**, Secretary

**Steven R. Schultz**, Legal Counsel

**Trenten D. Klingerman**, Deputy General Counsel

## ADMINISTRATIVE OFFICERS

**Mitchell E. Daniels, Jr.**, President

**Jay T. Akridge**, Provost and Executive Vice President for Academic Affairs & Diversity

**Christopher A. Ruhl**, Treasurer and Chief Financial Officer

**Eva M. Nodine**, Vice President and Deputy Chief Financial Officer

**Michael A. Bobinski**, Vice President and Director of Intercollegiate Athletics

**Ian C. Hyatt,** Vice President for Information Technology and CIO

**Michael B. Cline,** Senior Vice President – Administrative Operations

**William J. Bell,** Vice President for Human Resources

**Gina C. DelSanto**, Chief of Staff

**R. Ethan Braden,** Senior Vice President of Marketing & Communications

**Theresa S. Mayer,** Executive Vice President for Research and Partnerships

**Gary R. Bertoline**, Senior Vice President for Purdue Online and Learning Innovation

**Alysa C. Rollock**, Vice President for Ethics and Compliance

**Mung Chiang,** Executive Vice President for Strategic Initiatives

**Steven R. Schultz**, Chief Legal Counsel

## REGIONAL CAMPUS STAFF

**Ronald L. Elsenbaumer**, Chancellor, Purdue University Fort Wayne

**Thomas L. Keon**, Chancellor, Purdue University Northwest

**Stephen R. Turner**, Vice Chancellor for Finance and Administration, Purdue University Northwest

**Glen Nakata**, Vice Chancellor for Financial and Administrative Affairs, Purdue University Fort Wayne

Plante & Moran, PLLC
Suite 300
537 E. Pete Rose Way
Cincinnati, OH 45202-3578
Tel: 513.595.8800
Fax: 513.595.8806
plantemoran.com

# Independent Auditor's Report

To the Board of Trustees
Purdue University

## Report on the Financial Statements

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

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Purdue Research Foundation, which represents 96 percent, 98 percent, and 99 percent, respectively, of the assets, net position, and revenue of the discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Purdue Research Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The discretely presented component units and Purdue International, Inc., a blended component unit, were not audited under *Government Auditing Standards*.

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

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

### *Opinions*

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, the fiduciary activities, and the aggregate discretely presented component units of Purdue University as of June 30, 2021 and the changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Purdue University

### *Emphasis of Matter*

As discussed in Note 1 to the financial statements, in 2021, the University adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### *Other Matters*

Report on Prior Year Financial Statements

The basic financial statements of the business-type activities and the aggregate discretely presented component units of Purdue University as of and for the year ended June 30, 2020 were audited by a predecessor auditor, which expressed an unmodified opinion on the business-type activities and its aggregate discretely presented component units. The predecessor auditor's report was dated October 22, 2020.

*Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in Purdue's total OPEB liability and related ratios, schedule of Purdue's share of the net pension liability Indiana Public Employees' Retirement Fund, schedule of Purdue's contributions Indiana Public Employees' Retirement Fund, schedule of changes in net pension liability Purdue Police and Fire Supplemental Pension Plan, schedule of net pension liability (surplus) Purdue Police and Fire Supplemental Pension Plan, and schedule of contributions Purdue Police and Fire Supplemental Pension Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The letter of transmittal, board of trustees, officers of the University, report of the president, total in-state enrollment by county, and acknowledgements are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The letter of transmittal, board of trustees, officers of the University, report of the president, total in-state enrollment by county, and acknowledgements have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2021 on our consideration of Purdue University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Purdue University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 27, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

***June 30, 2021 and 2020***

We are pleased to present this financial discussion and analysis of Purdue University (the University). It is intended to provide an overview of the financial position and activities of the University for the fiscal years ended June 30, 2021 and 2020, along with comparative financial information for the fiscal year ended June 30, 2019. This discussion has been prepared by management to assist readers in understanding the accompanying financial statements and footnotes.

### *Financial Highlights*

The University's financial report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The University's financial statements, related footnote disclosures, and discussion and analysis have been prepared by University management in accordance with Governmental Accounting Standards Board (GASB) principles.

> ***Statement of Net Position*** is the University's balance sheet. The statement presents the University's financial position by reporting all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of the fiscal year. The statement as a whole provides information about the adequacy of resources to meet current and future operating and capital needs. Net position is the residual of all other elements presented in the Statement of Net Position and is one indicator of the current financial condition of the University.
>
> ***Statement of Revenues, Expenses, and Changes in Net Position*** is the University's income statement. The statement presents the total revenues earned and expenses incurred by the University during the fiscal year, along with the increase or decrease in net position. This statement depicts the University's revenue streams, along with the categories of expenses supported by that revenue. Changes in net position are an indication of the change in the University's overall financial condition.
>
> ***Statement of Cash Flows*** provides additional information about the University's financial results by presenting detailed information about cash activity during the fiscal year. The statement reports the major sources and uses of cash and is useful in the assessment of the University's ability to generate future net cash flows, the ability to meet obligations as they come due, and the need for external financing.

The financial information presented in this report is designed to enable the user to review how the University managed its resources to meet its primary missions of discovery, learning, and engagement. It should be recognized that a presentation of the financial performance of the University is not a full measure of the value of these functions as they were carried out during the fiscal year. This report deals with the costs and sources of revenue used to provide the quality and diversity in higher education that the University believes is necessary to meet its goals and objectives. We suggest that you combine this financial analysis and discussion with relevant non-financial indicators to assess the University's performance. Examples of non-financial data indicators include trend and quality of applicants, freshman class size, student retention, the condition of facilities, and campus safety metrics. Information about non-financial indicators is not included in this analysis but may be obtained from the University's Office of Institutional Data Analytics and Assessment online at https://www.purdue.edu/datadigest/.

## Statement of Net Position

A comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2021, 2020, and 2019, is summarized below.

**Table 1**

**Summary Statement of Net Position (Dollars in Thousands)**

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Current Assets | $ 871,865 | $ 898,402 | $ 800,607 |
| Capital Assets | 2,806,662 | 2,642,403 | 2,520,836 |
| Other Assets | 4,160,317 | 3,214,695 | 3,195,472 |
| Total Assets | 7,838,844 | 6,755,500 | 6,516,915 |
| Deferred Outflows of Resources | 39,502 | 36,832 | 42,194 |
| Current Liabilities | 541,575 | 573,427 | 551,541 |
| Noncurrent Liabilities | 1,184,711 | 1,087,558 | 1,043,797 |
| Total Liabilities | 1,726,286 | 1,660,985 | 1,595,338 |
| Deferred Inflows of Resources | 54,956 | 46,539 | 32,617 |
| Net Investment in Capital Assets | 1,719,680 | 1,710,945 | 1,610,376 |
| Restricted - Nonexpendable | 872,775 | 820,444 | 777,197 |
| Restricted - Expendable | 1,482,763 | 928,747 | 1,011,002 |
| Unrestricted | 2,021,886 | 1,624,672 | 1,532,579 |
| **Total Net Position** | **$ 6,097,104** | **$ 5,084,808** | **$ 4,931,154** |

### *Assets*

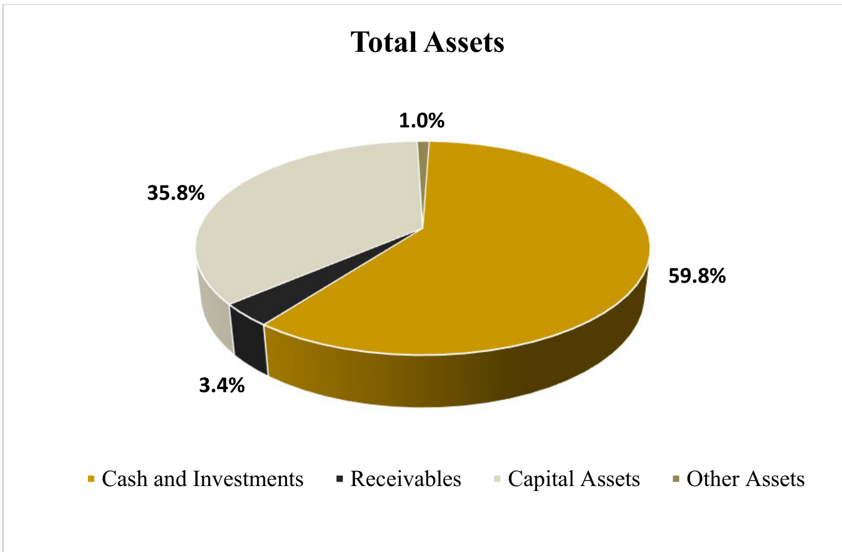
Current assets include those that may be used to support current operations, such as cash and cash equivalents, accounts receivable, and inventories. Capital assets include non-depreciable land, as well as buildings and equipment, net of depreciation. Other noncurrent assets include pledges receivable, investments, and Purdue's interest in charitable remainder trusts.

As of June 30, 2021 and 2020, current assets were approximately $871.9 and $898.4 million, respectively, resulting in a decrease of $26.5 million or 3.0% during fiscal year 2021 and increase of approximately $97.8 million or 12.2% during fiscal year 2020. As of June 30, 2021 and 2020, cash and cash equivalents were approximately $356.4 and $437.2 million respectively, resulting in a decrease of $80.8 and an increase of $160.6 million, respectively. The changes in current assets and cash and cash equivalents are mostly due to movement of assets between current and noncurrent investments.

As of June 30, 2021 and 2020, noncurrent assets were approximately $7.0 and $5.9 billion, respectively, which is an increase $1.1 billion, or 18.9%, during fiscal year 2021 and $140.8 million, or 2.5%, during fiscal year 2020. The increase in fiscal year 2021 is primarily due to the increase in the value of investments. Fiscal years 2021 and 2020 also had increases in capital assets. Please refer to a more detailed discussion in the Statement of Revenues, Expenses, and Changes in Net Position section and Note 2.

As of June 30, 2021 and 2020, total assets were approximately $7.8 and $6.8 billion, an increase of $1.0 billion and $238.6 million, or 16.0% and 3.7% respectively, over the previous fiscal year. The overall growth in assets is attributed to an increase in investments and capital assets.

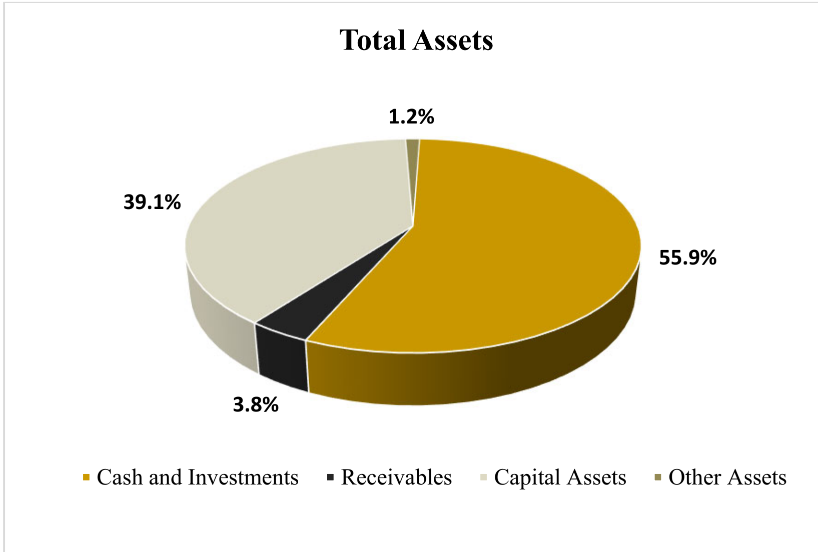
**Figure 1** represents the composition of total assets as of June 30, 2021.




*(in thousands of dollars)*

| | | |
|---|---|---|
| Cash and Investments | $ 4,689,999 | 59.8% |
| Receivables | 262,204 | 3.4% |
| Capital Assets | 2,806,662 | 35.8% |
| Other Assets | 79,979 | 1.0% |
| **Total Assets** | **$ 7,838,844** | **100.0%** |

**Figure 2** represents the composition of total assets as of June 30, 2020.




**Total Assets**

*(in thousands of dollars)*

| | | |
|---|---|---|
| Cash and Investments | $ 3,778,278 | 55.9% |
| Receivables | 254,523 | 3.8% |
| Capital Assets | 2,642,403 | 39.1% |
| Other Assets | 80,296 | 1.2% |
| **Total Assets** | **$ 6,755,500** | **100.0%** |

***Deferred Outflows of Resources***

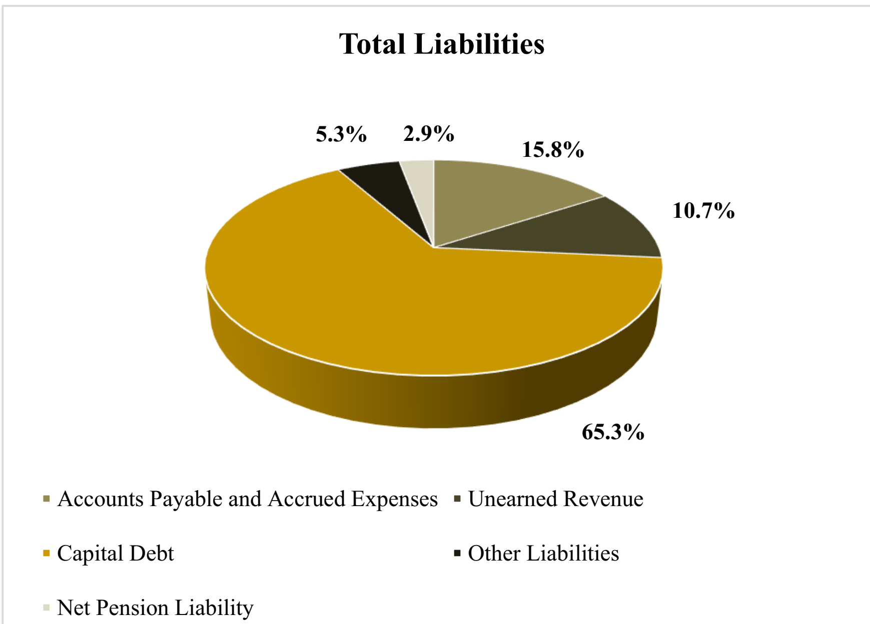
Deferred outflows of resources represent a consumption of resources that do not require a further exchange of goods and services, but that are applicable to a future reporting period. They are not shown on the Statement of Revenues, Expenses, and Changes in Net Position because they are not expense items relating to the current fiscal year, but to future periods. They are not shown on the Statement of Net Position in the Asset section because they are not items the University owns. Instead, they are presented on the Statement of Net Position as deferred outflows to reflect the fact that the recognition of the related expense will happen at a future date. The amounts recorded as deferred outflows for the fiscal years presented result from pension and other post employment benefits related items, capital debt refunding transactions, and asset retirement obligations.

***Liabilities***

Current liabilities generally are due and payable over the course of the following fiscal year. These include accounts and other payables, unearned revenues, current portion of long-term debt, and salaries along with related compensation payables. Current liabilities include variable-rate demand bonds, although most of the bonds are expected to be paid in future fiscal years. Noncurrent liabilities are generally expected to be extinguished at some point later than the following fiscal year. These include the noncurrent portion of compensated absences, pension, other post employment benefits, other liabilities, and bonds, notes, and leases payable. Total liabilities were approximately $1.7 billion as of June 30, 2021 and 2020.

Bonds, leases, and notes payable increased by $54.8 million in fiscal year 2021 and increased $24.8 million in fiscal year 2020, primarily due to issuances of new debt, net of debt repayments. A discussion of the University's capital financing activities appears in the Debt and Financing Activities section below, and in Note 6.

**Figure 3** represents the composition of total liabilities as of June 30, 2021.

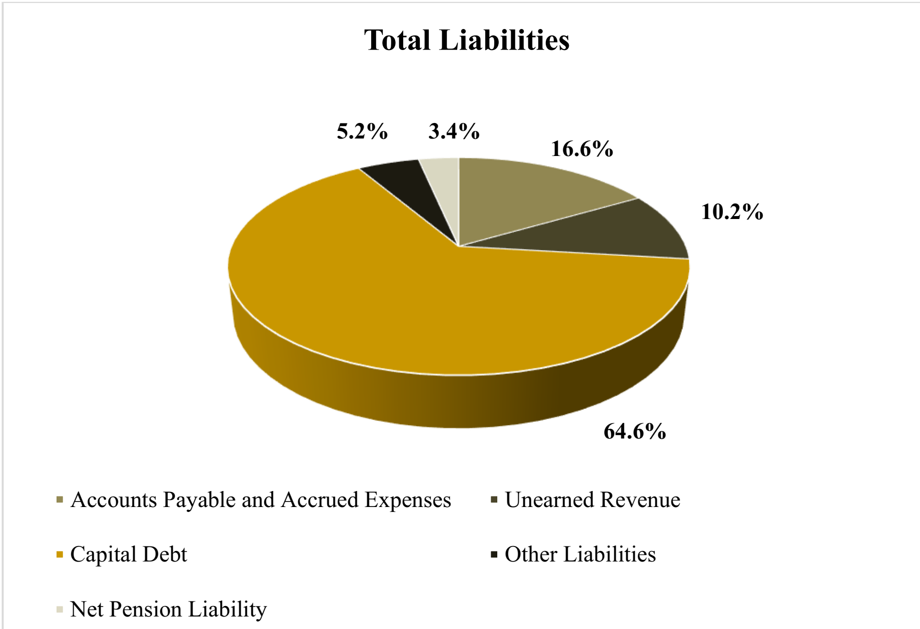



**Total Liabilities**

*(in thousands of dollars)*

| | | |
|---|---|---|
| Accounts Payable and Accrued Expenses | $ 272,935 | 15.8% |
| Unearned Revenue | 185,273 | 10.7% |
| Capital Debt | 1,127,628 | 65.3% |
| Other Liabilities | 90,688 | 5.3% |
| Net Pension Liability | 49,762 | 2.9% |
| **Total Liabilities** | **$ 1,726,286** | **100.0%** |

**Figure 4** represents the composition of total liabilities as of June 30, 2020.




**Total Liabilities**

*(in thousands of dollars)*

| | | |
|---|---|---|
| Accounts Payable and Accrued Expense | $ 276,321 | 16.6% |
| Unearned Revenue | 170,217 | 10.2% |
| Capital Debt | 1,072,795 | 64.6% |
| Other Liabilities | 85,873 | 5.2% |
| Net Pension Liability | 55,779 | 3.4% |
| **Total Liabilities** | **$ 1,660,985** | **100.0%** |

### ***Deferred Inflows of Resources***

Deferred inflows of resources represent an acquisition of resources that do not require a further exchange of goods and services, but that are applicable to a future reporting period. They are not shown on the Statement of Revenues, Expenses, and Changes in Net Position because they are not revenue items related to the current fiscal year, but to future periods. They are not shown on the Statement of Net Position in the Liability section because they are not items the University owes. Instead, they are presented on the Statement of Net Position as deferred inflows to reflect the fact that the recognition of the related revenue will happen at a future date. The amounts recorded as deferred inflows for the fiscal years presented result from other post employment benefits, charitable remainder trusts, and pension related items.

*Net Position*

Net position is the residual of all other elements presented in the Statement of Net Position. Net position is classified into four categories:

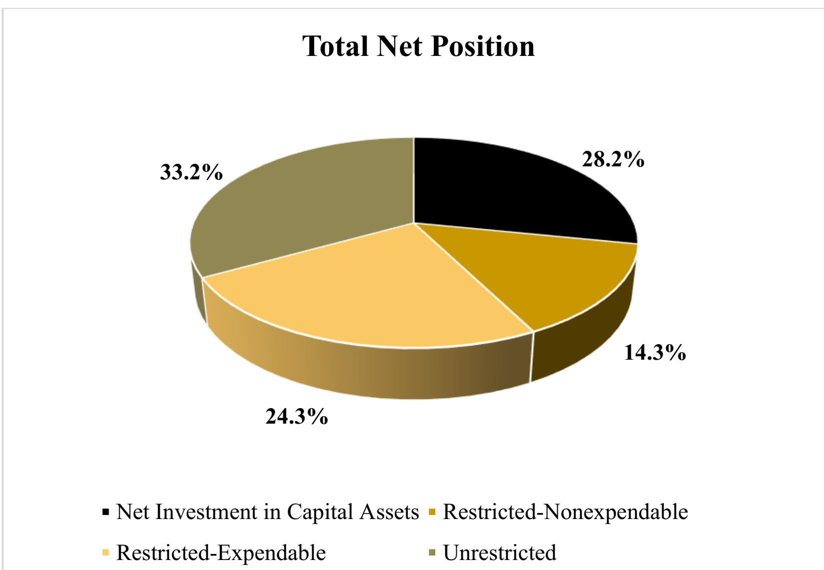
**Net Investment in Capital Assets** represents the University's investment in capital assets such as moveable equipment, buildings, land, infrastructure, and improvements, net of accumulated depreciation and related debt.

**Restricted–Nonexpendable** represents the corpus of the University's permanent endowments received from donors for the purpose of creating present and future income. The corpus must be held inviolate and in perpetuity.

**Restricted–Expendable** represents the portion of net position that may be spent, provided certain third party restrictions are met. Examples include balances from scholarships, grants and contracts, and spendable earnings from endowments.

**Unrestricted** represents the portion of net position that has no third-party restrictions. Management designates the majority of this balance for specific purposes to fulfill strategic initiatives and operational needs.

**Figure 5** represents the composition of net position as of June 30, 2021.

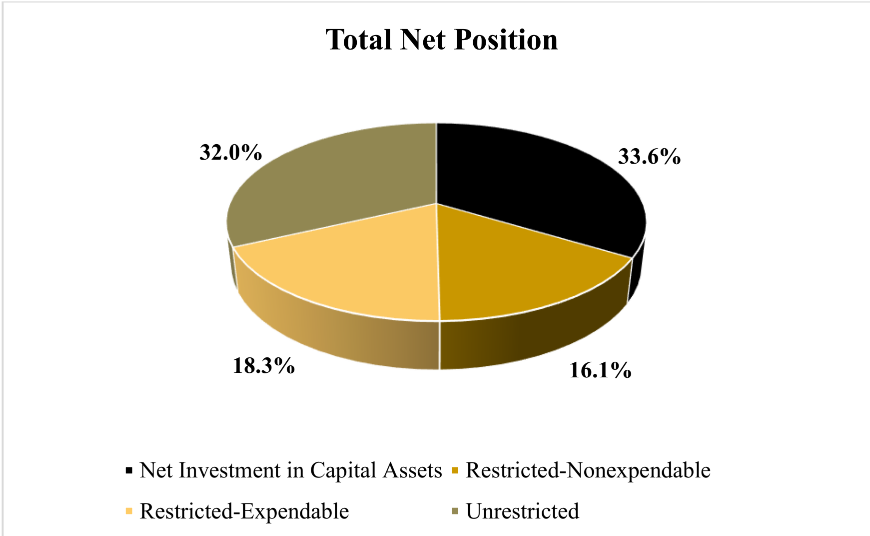



**Total Net Position**

*(in thousands of dollars)*

| | | |
|---|---|---|
| Net Investment in Capital Assets | $ 1,719,680 | 28.2% |
| Restricted-Nonexpendable | 872,775 | 14.3% |
| Restricted-Expendable | 1,482,763 | 24.3% |
| Unrestricted | 2,021,886 | 33.2% |
| **Total** | **$ 6,097,104** | **100.0%** |

**Figure 6** represents the composition of net position as of June 30, 2020.




**Total Net Position**

*(in thousands of dollars)*

| | | |
|---|---|---|
| Net Investment in Capital Assets | $ 1,710,945 | 33.6% |
| Restricted-Nonexpendable | 820,444 | 16.1% |
| Restricted-Expendable | 928,747 | 18.3% |
| Unrestricted | 1,624,672 | 32.0% |
| **Total** | **$ 5,084,808** | **100.0%** |

Net investment in capital assets increased $8.7 and $100.6 million in fiscal years 2021 and 2020, respectively. For the fiscal years ended June 30, 2021 and 2020, the University added capital assets of $366.6 and $311.1 million, offset by annual depreciation of $198.8 and $186.9 million, respectively. Additional details are provided in the Capital Asset and Debt Administration section of this analysis.

The restricted-nonexpendable balance increased $52.3 and $43.2 million in fiscal years 2021 and 2020, respectively, primarily resulting from contributions to endowments. Restricted-expendable balances increased by $554.0 million and decreased by $82.3 million in fiscal years ended June 30, 2021 and 2020, respectively, driven by the respective changes in market value of investments.

The unrestricted net position had an increase of $397.2 and $92.1 million for the fiscal years ended June 30, 2021 and 2020, respectively, resulting from both operating and nonoperating activities, including changes in investment income.

## Statement of Revenues, Expenses, and Changes in Net Position

Revenues are classified for financial reporting as either operating or nonoperating. Operating revenues are generated by providing goods and services to our students and other important constituents of the University and include tuition and fees, grants and contracts, and sales and services. Tuition and fees and housing revenue assessed to students are reported gross, with the related scholarship allowance presented separately. Nonoperating revenues are those received by the University without providing a corresponding good or service and include our state appropriations, investment income, and private gifts. As Purdue is a public university, nonoperating revenues are an integral part of the operating budget. Private gifts for capital projects and additions to the University's endowment are also considered nonoperating sources of revenue.

A summarized comparison of the University's revenues, expenses, and changes in net position at June 30, 2021, 2020, and 2019, is presented below.

**Table 2**

**Summary Statement of Revenues, Expenses, and Changes in Net Position (Dollars in Thousands)**

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Operating Revenues | | | |
| Tuition and Fees | $ 1,459,857 | $ 1,385,459 | $ 1,378,546 |
| Less: Scholarship Allowance | (202,730) | (213,949) | (223,872) |
| Grants and Contracts | 461,752 | 488,096 | 421,103 |
| Auxiliary Enterprises | 198,307 | 234,336 | 244,142 |
| Less: Scholarship Allowance | (14,694) | (16,830) | (16,660) |
| Other Operating Revenues | 131,906 | 143,231 | 150,957 |
| Total Operating Revenues | 2,034,398 | 2,020,343 | 1,954,216 |
| Operating Expenses | | | |
| Instruction | 814,313 | 853,454 | 849,478 |
| Research | 292,695 | 295,279 | 295,225 |
| Extension and Public Service | 136,943 | 146,346 | 143,446 |
| Academic Support | 163,348 | 174,145 | 189,094 |
| Student Services | 181,761 | 170,182 | 94,724 |
| General Administration and Institutional Support | 397,698 | 368,874 | 494,616 |
| Physical Plant Operations and Maintenance | 131,454 | 140,743 | 141,387 |
| Depreciation | 198,774 | 186,934 | 190,100 |
| Student Aid | 98,585 | 62,240 | 65,666 |
| Auxiliaries | 179,339 | 199,976 | 190,832 |
| Total Operating Expenses | 2,594,910 | 2,598,173 | 2,654,568 |
| Operating Loss | (560,512) | (577,830) | (700,352) |
| Nonoperating Revenues | 1,541,076 | 681,497 | 843,497 |
| Interest Expense | (35,203) | (28,969) | (29,159) |
| Capital and Endowments | 66,935 | 78,956 | 104,866 |
| Total Nonoperating Revenues | 1,572,808 | 731,484 | 919,204 |
| Increase in Net Position | 1,012,296 | 153,654 | 218,852 |
| Net position, Beginning of Year | 5,084,808 | 4,931,154 | 4,712,302 |
| **Net position, End of Year** | **$ 6,097,104** | **$ 5,084,808** | **$ 4,931,154** |

Figures 7 and 8 provide information about the University's sources of revenues for fiscal years 2021 and 2020. The University had an increase in net position of $1.0 billion and $153.7 million for fiscal years ended June 30, 2021 and 2020, respectively.

**Figure 7: University Revenue by Category for FY 2021**

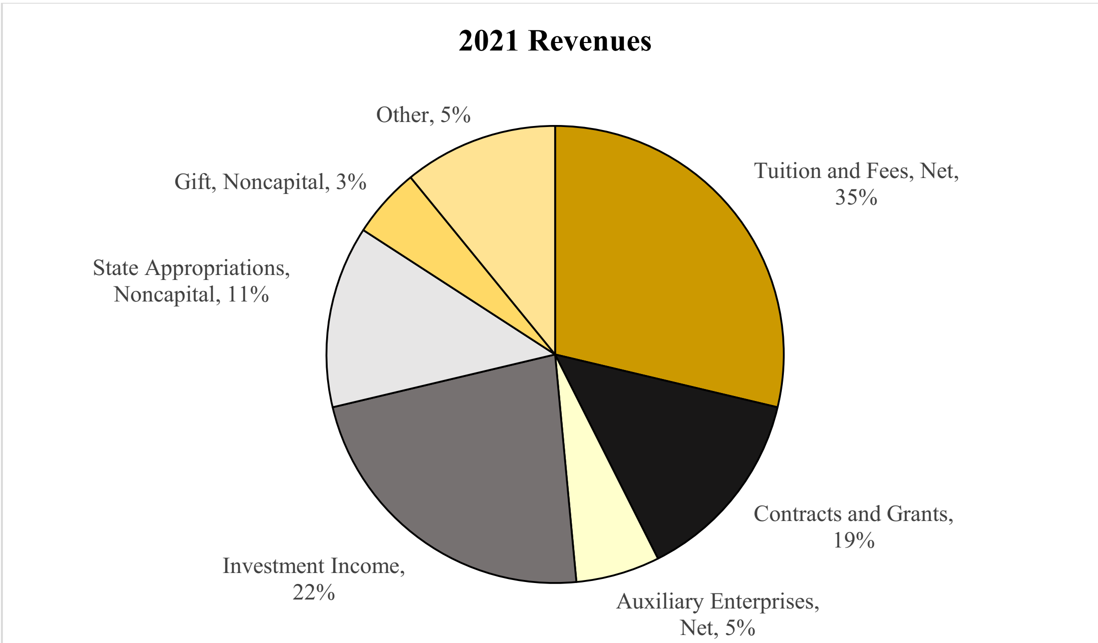
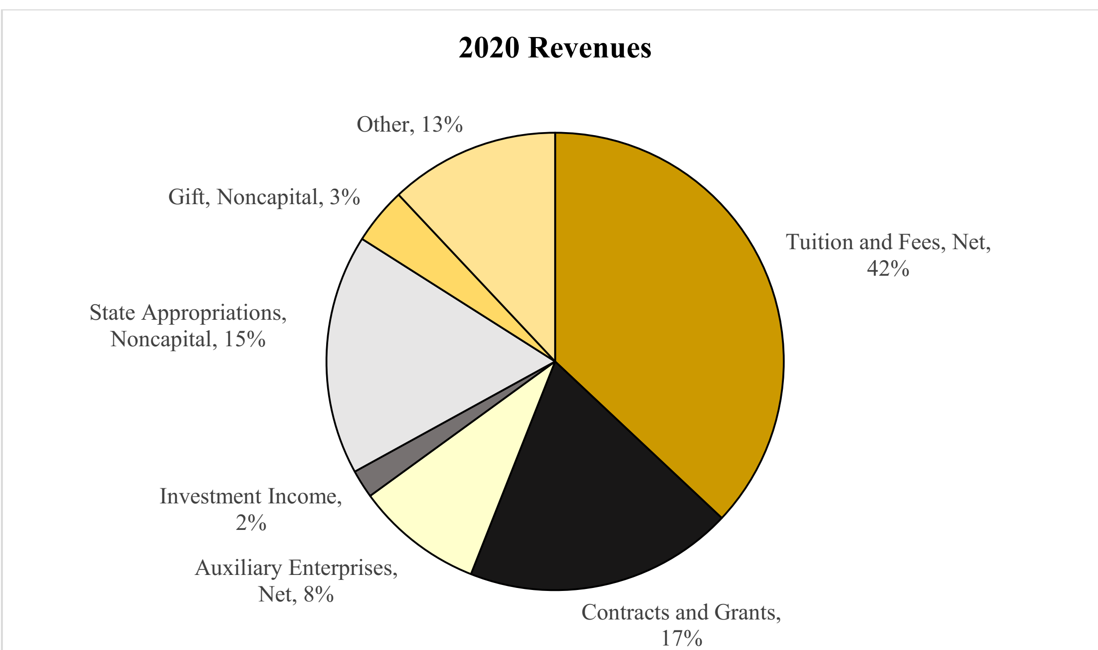
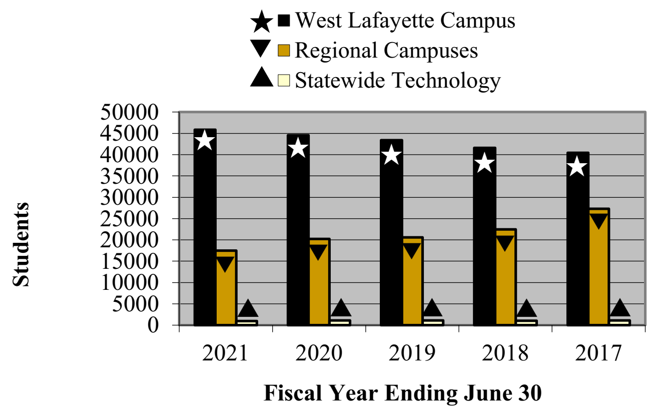



**Figure 8: University Revenue by Category for FY 2020**



For the fiscal years ended June 30, 2021 and 2020, the total operating revenues increased $14.1 million, or 0.7% and increased $66.1 million, or 3.4%, respectively. Net tuition and fee revenue increased by $85.6 and $16.8 million in fiscal years 2021 and 2020, respectively, primarily resulting from increased enrollment at the West Lafayette campus. Enrollment patterns for the past five years are illustrated below.

**Five-Year Enrollment Data***
**Fall Semester Enrollment**




**Enrollment figures do not include Purdue University students enrolled at the Indiana University-Purdue University Indianapolis campus or Purdue University Global*

Operating grants and contracts revenue decreased $26.3, or 5.4% and increased $67.0, or 15.9% million for the fiscal years ended June 30, 2021 and 2020, respectively, primarily due to the timing of grants.

For fiscal year ended June 30, 2021, non-operating revenues before capital and endowments, net of expenses, increased by $853.3 million, consisting of $90.2 million HEERF grant revenue, with the balance of the increase due to changes in investment income related to a significant increase in the market. Investment income fluctuations also drove the $161.8 million decrease in non-operating revenues before capital and endowments for fiscal year June 30, 2020. The net investment performance of the University's endowment was 38.6% and -0.7% for the fiscal years 2021 and 2020, respectively, using the most recent data available. The endowment was invested in private investments (39.7%), public equities (53.1%), and fixed income investments (7.2%). The portfolio composition did not materially change from the prior fiscal year.

For the fiscal years ended June 30, 2021 and 2020, capital and endowment income decreased by $12.0 million, or 15.2%, and $25.9 million, or 24.7%, respectively, primarily due to decreases in private gifts for endowments and capital gifts.

Operating expenses were $2.6 billion for the fiscal years ended June 30, 2021 and 2020. Compensation and benefits expenses were $1.6 billion and $1.7 billion for fiscal years ended June 30, 2021 and 2020, respectively, representing a decrease of $53.9 million during 2021 and decrease of $3.3 million during 2020. These decreases are primarily due to reductions in certain operations related to the COVID 19 pandemic.

Supplies and services expenses were $696.4 million for the fiscal year ended June 30, 2021, an increase of $2.5 million from 2020. For the fiscal year ended June 30, 2020, supplies and service expenses were $693.9 million, a decrease $46.5 million from 2019. The decrease during 2020 was primarily due to reductions in certain operations related to the COVID 19 pandemic, and 2021 had a 0.4% change as certain reductions in operations continued into 2021.

For the fiscal years ended June 30, 2021 and 2020, depreciation expense was $198.8 and $186.9 million, respectively.

Scholarships, fellowships, and student awards were $98.6 and $62.2 million for the fiscal years ended June 30, 2021 and 2020, respectively, resulting in an increase of $36.3 million and a decrease of $3.4 million, respectively. The increase of $36.3 million during 2021 was primarily due to HEERF funds expensed for the benefit of students.

In addition to the functional classification of operating expenses, the University also presents expenses by natural classification on the Statement of Revenues, Expenses, and Changes in Net Position. Figures 9 and 10 provide information about the functional classification of the University's expenses for the fiscal years ended June 30, 2021 and 2020.

**Figure 9: University Expenses by Function for FY 2021**

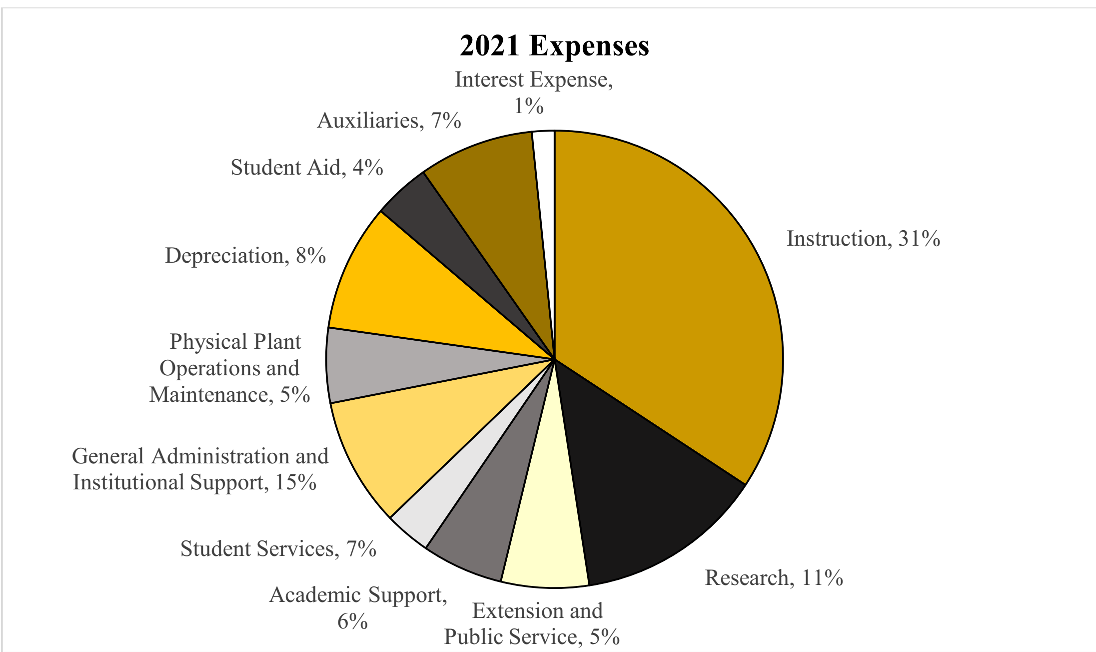
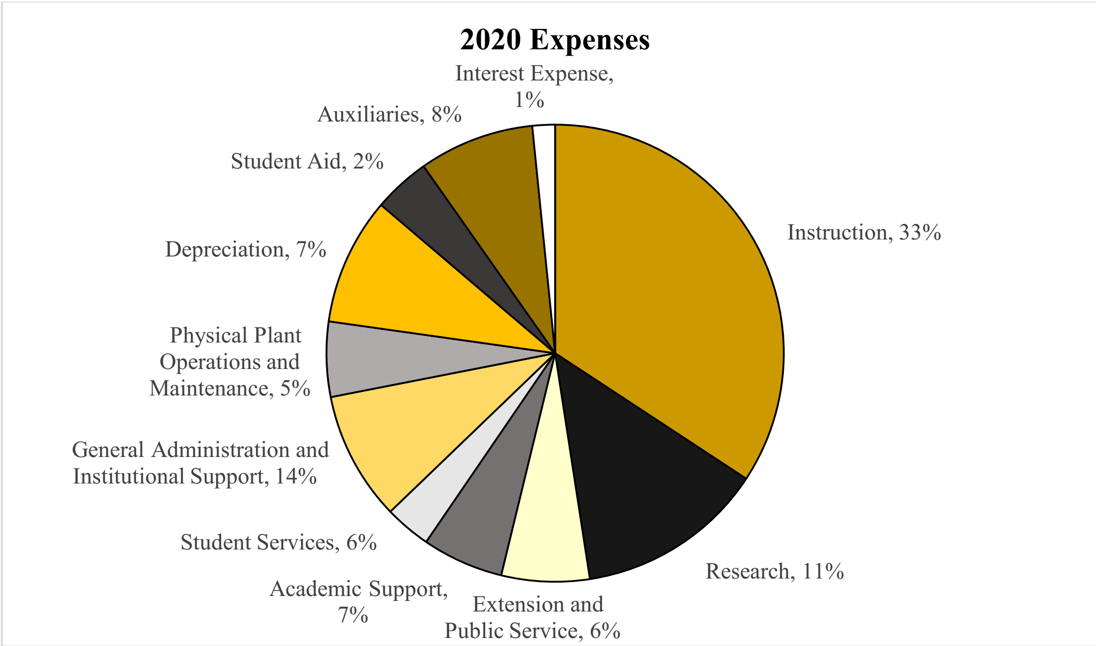


**Figure 10: University Expenses by Function for FY 2020**




## Statement of Cash Flows

The Statement of Cash Flows provides a means to assess the financial health of the University by presenting relevant information about the cash receipts and cash payments of the University during the fiscal year. It assists in determining the University's ability to generate future net cash flows to meet its obligations as they become due and to determine the need for external financing. The Statement of Cash Flows presents sources and uses of cash and cash equivalents in four activity-based categories: operating, noncapital financing, investing, and capital and related financing. Table 3 provides a summarized comparison of the University's sources, uses, and changes in cash and cash equivalents.

**Table 3**

**Summary Statement of Cash Flows (Dollars in Thousands)**

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Cash Used by Operating Activities | $ (371,046) | $ (319,094) | $ (456,985) |
| Cash Provided by Noncapital Financing Activities | 782,168 | 673,751 | 710,822 |
| Cash (Used) Provided by Investing Activities | (173,769) | 36,701 | (51,490) |
| Cash Used by Capital and Related Financing Activities | (318,217) | (230,808) | (177,798) |
| Net (Decrease) Increase in Cash and Cash Equivalents | (80,864) | 160,550 | 24,549 |
| Cash and Cash Equivalents, Beginning of Year | 437,221 | 276,671 | 252,122 |
| **Cash and Cash Equivalents, End of Year** | **$ 356,357** | **$ 437,221** | **$ 276,671** |

The cash provided by noncapital financing activities reflect the nonoperating revenue changes described above. The cash used by investing activities in fiscal years 2021 and 2020 represent the investment of cash from operations. The fluctuation in cash flows used by capital and related financing activities reflects the financing strategy and timing of the University's capital plan, which is outlined in the Capital Asset and Debt Administration section.

## Capital Asset and Debt Administration

### Significant Construction Projects

The University continues to expand its campuses and renovate existing facilities to meet the needs of its students, faculty, and staff. Significant construction projects (over $20 million) completed during fiscal years 2021 and 2020 are presented in Table 4 and significant projects in progress at June 30, 2021 are presented in Table 5. Significant projects authorized by the Board of Trustees but not started at June 30, 2021 are presented in Table 6.

**Table 4**

**Significant Construction Projects Completed (Dollars in Thousands)**

| | |
|---|---|
| **Projects Completed in 2021** | |
| Agricultural and Biological Engineering Renovation and Addition | $ 80,000 |
| Purdue Memorial Union Hotel Renovation | 35,700 |
| **Total Significant Construction Projects Completed** | **$ 115,700** |
| **Projects Completed in 2020** | |
| Bioscience Innovation Building | $ 40,500 |
| STEM Teaching Lab Building | 64,000 |
| **Total Significant Construction Projects Completed** | **$ 104,500** |

**Table 5**

**Significant Construction Projects in Progress (Dollars in Thousands)**

| | | Project Budget |
|---|---|---|
| Engineering and Polytechnic Gateway | $ | 140,000 |
| Veterinary Hospital Complex | | 108,000 |
| PMU Ground Floor Dining Renovation | | 47,300 |
| Hagle Hall Bands and Orchestra Building | | 22,000 |
| **Total Significant Construction Projects in Progress** | **$** | **317,300** |

**Table 6**

**Significant Construction Projects Authorized But Not Started (Dollars in Thousands)**

| | | Project Budget |
|---|---|---|
| Hypersonics and Applied Research Facility | $ | 41,000 |
| **Total Significant Construction Projects Authorized But Not Started** | **$** | **41,000** |

## Debt and Financing Activities

As of June 30, 2021 and 2020, bonds, leases, and notes payable totaled approximately $1.13 and $1.07 billion, respectively, and represented approximately 65.3% and 64.6%, respectively, of the total liabilities of the University. The University's debt portfolio as of June 30, 2021 consisted of $54.2 million of variable rate instruments (4.8%) and $1.1 billion in fixed rate obligations (95.2%). As of June 30, 2020 consisted of $86.9 million of variable rate instruments (8.1%) and $985.9 million in fixed rate obligations (91.9%). Additional details about University indebtedness are provided in Note 6.

As of June 30, 2021 and 2020, the University had a credit rating of Aaa from Moody's Investors Service and AAA from Standard & Poor's. The University was in a limited group of public higher education institutions with such a credit rating – only eight Universities were so rated at those dates by Moody's and only seven by Standard & Poor's. In addition, the University's variable rate debt maintains short-term ratings from Moody's of Aaa/VMIG-1 and by Standard & Poor's of A-1+.

## Economic Outlook

For fiscal year 2022, the Indiana General Assembly appropriated $314.4 million for the West Lafayette campus, $54.9 million for Purdue Northwest and $50 million for Purdue Fort Wayne. In fiscal year 2021, the state appropriations had been reduced due to COVID economic impacts. For fiscal year 2022, the Indiana General Assembly restored prior reductions resulting in an overall increase of 6.5% in state appropriations.

Academic year 2021-22 tuition rates for both Indiana resident and nonresident students remain flat at the West Lafayette campus for the ninth year in a row. The regional campuses had modest tuition increases for undergraduates as follows: Fort Wayne 1.45% and Purdue Northwest 1.45%. Each campus continues its efforts to identify operational efficiencies, cost savings initiatives and new sources of revenue to supplement its operating budget. Efforts to support student affordability and accessibility remain a high priority as illustrated by the decision to continue holding tuition flat at the West Lafayette campus for the tenth year in fiscal year 2023.

Enrollment at all Purdue campuses was 67,439* for the fall semester of the 2021-2022 academic year. Enrollment at the West Lafayette campus hit a record high at 49,639 for the fall semester of the 2021-2022 academic year, up 3,770 from the fall semester of the prior academic year. First-year undergraduate students also hit a record high at 10,191, up 1,322 from the fall semester of the prior academic year. Purdue continues to experience record-high retention and graduation rates due to a university-wide commitment to student success. The four-year graduation rate increased to 65% compared to 62.6% last year. The average undergraduate time to degree is now less than 4 years, at 3.95 years for the 2021-2022 academic year. The six-year graduation rates decreased to 83% from 83.3% last year.

The COVID-19 pandemic has changed the landscape of higher education. While the full impact to Purdue University is yet to be quantified, the University remains financially healthy and will be able to adjust as needed to any potential operational or financial impacts. The University will continue to monitor the impact of the pandemic to our campuses.

**Enrollment figures do not include Purdue University students enrolled at the Indiana University-Purdue University Indianapolis campus or Purdue University Global.*

# Purdue University

## Statement of Net Position

| As of June 30 (Dollars in Thousands) | Purdue University | | Discretely Presented Component Units | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| **Assets and Deferred Outflows of Resources:** | | | | |
| **Current Assets:** | | | | |
| Cash and Cash Equivalents | $ 356,357 | $ 437,221 | $ 4,721 | $ 4,735 |
| Investments | 278,499 | 242,007 | - | - |
| Accounts Receivable, Net | 150,529 | 113,346 | 40 | 901 |
| Pledges Receivable, Net | 31,782 | 36,866 | 360 | 232 |
| Notes Receivable, Net | 8,570 | 15,650 | - | - |
| Other Receivables | 1,174 | 1,122 | - | - |
| Other Assets | 44,954 | 52,190 | 5 | 4 |
| **Total Current Assets** | **871,865** | **898,402** | **5,126** | **5,872** |
| **Noncurrent Assets:** | | | | |
| Investments | 4,055,143 | 3,099,050 | 9,044 | 6,867 |
| Pledges Receivable, Net | 36,520 | 25,915 | 77 | 110 |
| Notes and Other Receivables, Net | 33,629 | 61,624 | 181,846 | 186,227 |
| Interest in Charitable Remainder Trusts | 35,025 | 28,106 | - | - |
| Capital Assets, Net | 2,806,662 | 2,642,403 | 7,080 | 7,183 |
| **Total Noncurrent Assets** | **6,966,979** | **5,857,098** | **198,047** | **200,387** |
| **Total Assets** | **7,838,844** | **6,755,500** | **203,173** | **206,259** |
| **Deferred Outflows of Resources** | 39,502 | 36,832 | 4,019 | 4,390 |
| **Liabilities and Deferred Inflows of Resources:** | | | | |
| **Current Liabilities:** | | | | |
| Accounts Payable and Accrued Expenses | 198,998 | 201,674 | 535 | 3,005 |
| Unearned Revenue | 185,273 | 170,217 | 2,846 | 2,424 |
| Accrued Compensated Absences | 28,972 | 29,067 | - | - |
| Other Post Employment Benefits | 2,715 | 2,897 | - | - |
| Bonds (net), Leases, and Notes Payable | 125,617 | 169,572 | 2,423 | 40,738 |
| **Total Current Liabilities** | **541,575** | **573,427** | **5,804** | **46,167** |
| **Noncurrent Liabilities:** | | | | |
| Accrued Compensated Absences | 44,965 | 45,580 | - | - |
| Other Post Employment Benefits | 32,045 | 30,460 | - | - |
| Net Pension Liability | 49,762 | 55,779 | - | - |
| Advances from Federal Government | 4,896 | 8,518 | - | - |
| Other Noncurrent Liabilities | 51,032 | 43,998 | 22,157 | 17,867 |
| Bonds (net), Leases, and Notes Payable | 1,002,011 | 903,223 | 155,419 | 123,760 |
| **Total Noncurrent Liabilities** | **1,184,711** | **1,087,558** | **177,576** | **141,627** |
| **Total Liabilities** | **1,726,286** | **1,660,985** | **183,380** | **187,794** |
| **Deferred Inflows of Resources** | 54,956 | 46,539 | - | - |

## Statement of Net Position

| As of June 30 (Dollars in Thousands) (continued from previous page) | Purdue University 2021 | Purdue University 2020 | Discretely Presented Component Units 2021 | Discretely Presented Component Units 2020 |
|---|---|---|---|---|
| **Net Position:** | | | | |
| **Net Investment in Capital Assets** | **$ 1,719,680** | **$ 1,710,945** | **$ 9,021** | **$ 11,932** |
| **Restricted:** | | | | |
| Nonexpendable: | | | | |
| Instruction and Research | 449,503 | 423,194 | - | - |
| Student Aid | 394,549 | 375,118 | - | - |
| Other | 28,723 | 22,132 | 1,682 | 1,665 |
| **Total Nonexpendable** | **872,775** | **820,444** | **1,682** | **1,665** |
| Expendable: | | | | |
| Instruction, Research and Public Service | 215,773 | 152,665 | - | - |
| Student Aid | 89,063 | 78,441 | - | - |
| Construction | 150,968 | 176,943 | - | - |
| Other, Including Gains on Restricted Endowments | 1,026,959 | 520,698 | 10,030 | 8,180 |
| **Total Expendable** | **1,482,763** | **928,747** | **10,030** | **8,180** |
| **Unrestricted** | **2,021,886** | **1,624,672** | **3,079** | **1,078** |
| **Total Net Position** | **$ 6,097,104** | **$ 5,084,808** | **$ 23,812** | **$ 22,855** |

***The Accompanying Notes are an Integral Part of these Financial Statements***

# Purdue University

## Statement of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30 (Dollars in Thousands)

| | Purdue University 2021 | Purdue University 2020 | Discretely Presented Component Units 2021 | Discretely Presented Component Units 2020 |
|---|---|---|---|---|
| **Operating Revenues:** | | | | |
| Tuition and Fees | $ 1,459,857 | $ 1,385,459 | $ - | $ - |
| Less: Scholarship Allowance | (202,730) | (213,949) | - | - |
| Grants and Contracts | 461,752 | 488,096 | - | - |
| Sales and Services | 128,826 | 140,368 | 3,538 | 4,924 |
| Auxiliary Enterprises | 198,307 | 234,336 | - | - |
| Less: Scholarship Allowance | (14,694) | (16,830) | - | - |
| Other Operating Revenues | 3,080 | 2,863 | 1,017 | 1,232 |
| **Total Operating Revenues** | **2,034,398** | **2,020,343** | **4,555** | **6,156** |
| **Operating Expenses:** | | | | |
| Compensation and Benefits | 1,601,165 | 1,655,110 | - | - |
| Supplies and Services | 696,386 | 693,889 | 2,379 | 1,573 |
| Depreciation Expense | 198,774 | 186,934 | 9 | 8 |
| Scholarships, Fellowships, & Student Awards | 98,585 | 62,240 | - | - |
| **Total Operating Expenses** | **2,594,910** | **2,598,173** | **2,388** | **1,581** |
| **Net Operating (Loss) Income** | **(560,512)** | **(577,830)** | **2,167** | **4,575** |
| **Nonoperating Revenues (Expenses):** | | | | |
| State Appropriations | 394,199 | 401,886 | - | - |
| Grants and Contracts | 222,186 | 138,170 | - | - |
| Private Gifts | 127,876 | 78,258 | - | - |
| Investment Income (Loss) | 817,421 | 58,233 | 2,491 | (50) |
| Interest Expense | (35,203) | (28,969) | (3,702) | (878) |
| Other Nonoperating (Expenses) Revenues | (20,606) | 4,950 | - | - |
| **Total Nonoperating Revenues (Expenses) before Capital and Endowments** | **1,505,873** | **652,528** | **(1,211)** | **(928)** |
| **Capital and Endowments:** | | | | |
| Capital Gifts | 15,430 | 41,146 | - | - |
| Private Gifts for Permanent Endowments | 51,505 | 37,810 | 1 | 2 |
| **Total Capital and Endowments** | **66,935** | **78,956** | **1** | **2** |
| **Total Nonoperating Revenues (Expenses)** | **1,572,808** | **731,484** | **(1,210)** | **(926)** |
| **INCREASE IN NET POSITION** | **1,012,296** | **153,654** | **957** | **3,649** |
| Net Position, Beginning of Year | 5,084,808 | 4,931,154 | 22,855 | 19,206 |
| **Net Position, End of Year** | **$ 6,097,104** | **$ 5,084,808** | **$ 23,812** | **$ 22,855** |

***The Accompanying Notes are an Integral Part of these Financial Statements***

# Purdue University

## Statement of Cash Flows

For the Years Ended June 30 (Dollars in Thousands)

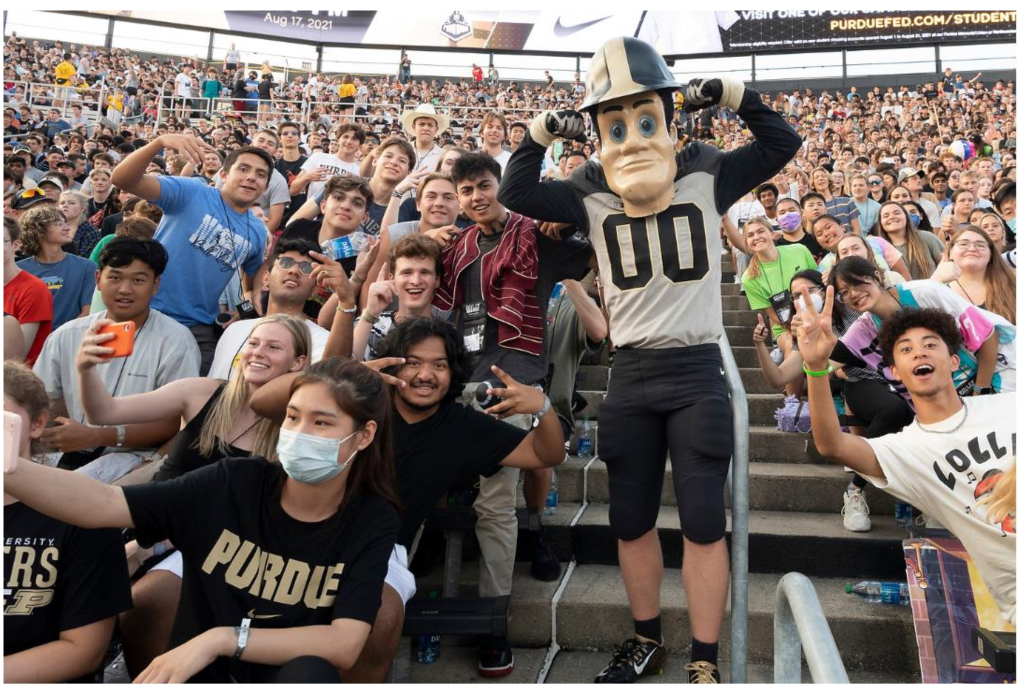
| | 2021 | 2020 |
|---|---|---|
| **Cash Flows From Operating Activities:** | | |
| Tuition and Fees, Net of Scholarship Allowances | $ 1,231,788 | $ 1,195,463 |
| Grants and Contracts | 461,086 | 497,968 |
| Sales and Services | 135,752 | 138,737 |
| Auxiliary Enterprises, Net of Scholarship Allowances | 186,796 | 218,795 |
| Other Operating Revenues | 2,508 | 665 |
| Compensation and Benefits | (1,593,728) | (1,644,377) |
| Supplies and Services | (700,000) | (663,903) |
| Scholarships, Fellowships and Student Awards | (98,634) | (62,216) |
| Other Operating Expenses | (3,622) | (6,692) |
| Direct Loans Issued | (485,568) | (499,579) |
| Direct Loans Received | 485,346 | 499,106 |
| Student Loans Issued | (1,975) | (2,222) |
| Student Loans Collected | 9,205 | 9,161 |
| **Cash Used by Operating Activities** | **(371,046)** | **(319,094)** |
| **Cash Flows From Noncapital Financing Activities:** | | |
| State Appropriations | 394,199 | 401,886 |
| Grants and Contracts | 222,186 | 138,170 |
| Gifts for Other than Capital Purposes | 158,956 | 127,013 |
| Other Nonoperating Revenues, Net | 6,827 | 6,682 |
| **Cash Provided by Noncapital Financing Activities** | **782,168** | **673,751** |
| **Cash Flows From Investing Activities:** | | |
| Purchases of Investments | (4,279,611) | (3,776,966) |
| Proceeds from Sales and Maturities of Investments | 4,067,022 | 3,760,841 |
| Interest and Dividends on Investments, Net | 38,820 | 52,826 |
| **Cash (Used) Provided by Investing Activities** | **(173,769)** | **36,701** |
| **Cash Flows From Capital and Related Financing Activities:** | | |
| Debt Repayment | (124,211) | (63,146) |
| Capital Debt Proceeds | 42,310 | 133,683 |
| Interest Expense | (47,260) | (40,131) |
| Capital Gifts Received | 20,541 | 56,443 |
| Construction or Purchase of Capital Assets | (209,597) | (317,657) |
| **Cash Used by Capital and Related Financing Activities** | **(318,217)** | **(230,808)** |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | **(80,864)** | **160,550** |
| Cash and Cash Equivalents, Beginning of Year | 437,221 | 276,671 |
| **Cash and Cash Equivalents, End of Year** | **$ 356,357** | **$ 437,221** |

## Statement of Cash Flows

For the Years Ended June 30 (Dollars in Thousands)
(continued from previous page)

| **Reconciliation of Cash Used for Operating Activities (Indirect Method)** | | **2021** | | **2020** |
|---|---|---|---|---|
| **Reconciliation of net operating loss to net cash used by operating activities:** | | | | |
| Operating Loss | $ | (560,512) | $ | (577,830) |
| Depreciation Expense | | 198,774 | | 186,934 |
| Noncash investing, capital, and financing activities | | 47 | | 52 |
| Changes in Assets and Liabilities: | | | | |
| Accounts Receivable | | (32,770) | | 37 |
| Notes Receivable | | 7,230 | | 6,939 |
| Other Assets | | 7,250 | | 3,847 |
| Accrued Compensated Absences | | (709) | | 2,979 |
| Other Post Employment Benefits and related deferreds | | (2,518) | | (4,554) |
| Net Pension liability and related deferreds | | (4,968) | | (147) |
| Accounts Payable | | 5,538 | | 38,747 |
| Unearned Revenue | | 15,214 | | 30,595 |
| Advances from Federal Government | | (3,622) | | (6,693) |
| **Cash Used by Operating Activities** | **$** | **(371,046)** | **$** | **(319,094)** |

***The Accompanying Notes are an Integral Part of these Financial Statements***



# Purdue University
# Component Units Statement of Financial Position

*Purdue Research Foundation*

As of June 30 (Dollars in Thousands)

| | 2021 | 2020 |
|---|---|---|
| **Assets:** | | |
| Cash and Cash Equivalents | $ 33,600 | $ 16,493 |
| Accounts Receivable, Net | 20,911 | 25,986 |
| Right of Use Assets - Operating Leases | 1,568 | - |
| Other Assets | 14,330 | 18,748 |
| Investments | 3,896,649 | 2,740,240 |
| Notes Receivable, Net | 32,411 | 31,918 |
| Interest in Charitable Perpetual Trusts | 19,803 | 15,799 |
| Capital Assets, Net of Accumulated Depreciation | 267,327 | 273,391 |
| **Total Assets** | **$4,286,599** | **$3,122,575** |
| **Liabilities:** | | |
| Accounts Payable and Accrued Expenses | $ 41,008 | $ 35,899 |
| Due on Split Interest Agreements | 47,833 | 42,406 |
| Deposits Held in Custody for Others | 2,694,688 | 1,829,899 |
| Bonds (Net), Leases, and Notes Payable | 172,369 | 191,926 |
| Lease Liability | 1,568 | - |
| Other Liabilities | 588 | 3,659 |
| **Total Liabilities** | **2,958,054** | **2,103,789** |
| **Net Assets:** | | |
| Without Donor Restriction | 306,732 | 282,067 |
| With Donor Restriction | 1,021,813 | 736,719 |
| **Total Net Assets** | **1,328,545** | **1,018,786** |
| **Total Liabilities and Net Assets** | **$4,286,599** | **$3,122,575** |

***The Accompanying Notes are an Integral Part of these Financial Statements***

# Purdue University
# Component Units Statement of Activities

*Purdue Research Foundation*

For the Years Ended June 30 (Dollars in Thousands)

| | 2021 | 2020 |
|---|---|---|
| **Revenue and Support** | | |
| Amount Received for Purdue University Research Projects | $ 381 | $ 706 |
| Less Payments to Purdue University | (381) | (706) |
| | - | - |
| Contributions | 46,089 | 59,584 |
| Income on Investments | 12,279 | 18,245 |
| Net Unrealized and Realized Gains (Losses) | 321,741 | (14,439) |
| Change in Value of Split Interest Agreements | (4,910) | 3,781 |
| Change in Interests in Perpetual Trusts | 4,004 | (325) |
| Rents | 24,445 | 24,236 |
| Royalties | 8,070 | 11,380 |
| Other | 40,711 | 36,054 |
| **Total Revenue and Support** | **452,429** | **138,516** |
| **Expenses and Losses** | | |
| **Expenses for the Benefit of Purdue University** | | |
| Contributions to Purdue University | 35,878 | 44,989 |
| Patent and Royalty | 4,980 | 8,755 |
| Grants | 394 | 581 |
| Services for Purdue University | 3,275 | 2,493 |
| Other | 3,876 | 2,716 |
| **Total Expenses for the Benefit of Purdue University** | **48,403** | **59,534** |
| **Administrative and Other Expenses** | | |
| Salaries and Benefits | 39,410 | 39,307 |
| Property Management | 22,721 | 23,155 |
| Professional Fees | 13,336 | 12,632 |
| Supplies | 2,931 | 3,384 |
| Interest | 7,462 | 8,091 |
| Research park | 333 | 554 |
| Other | 8,074 | 11,443 |
| **Total Administrative and Other Expenses** | **94,267** | **98,566** |
| Change in Net Assets | 309,759 | (19,584) |
| Net Assets, Beginning of Period | 1,018,786 | 1,038,370 |
| **Net Assets, End of Period** | **$ 1,328,545** | **$ 1,018,786** |

***The Accompanying Notes are an Integral Part of these Financial Statements***

**STATEMENT OF FIDUCIARY NET POSITION**

*Police and Firefighters Supplemental Pension Trust Funds*

For the Years Ended June 30 (Dollars in Thousands)

| | 2021 | 2020 |
|---|---|---|
| **ASSETS** | | |
| TIAA Traditional | $ 15,391 | $ 16,081 |
| CREF Stock Account | 10,477 | 10,211 |
| CREF Growth Account | 15,250 | 12,631 |
| **TOTAL INVESTMENTS** | 41,118 | 38,923 |
| Accrued Income | 42 | 40 |
| **TOTAL ASSETS** | 41,160 | 38,963 |
| | | |
| **NET POSITION** | | |
| Restricted for: | | |
| Pension benefit payments | 41,160 | 38,963 |
| **TOTAL NET POSITION** | **$ 41,160** | **$ 38,963** |

***The Accompanying Notes are an Integral Part of these Financial Statements***

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

*Police and Firefighters Supplemental Pension Trust Funds*

For the Years Ended June 30 (Dollars in Thousands)

| | 2021 | 2020 |
|---|---|---|
| **ADDITIONS** | | |
| Contributions: | | |
| Members | $ 177 | $ 168 |
| Employers | 19 | 255 |
| **TOTAL CONTRIBUTIONS** | 196 | 423 |
| Investment Income | 3,420 | 2,258 |
| **TOTAL ADDITIONS** | 3,616 | 2,681 |
| | | |
| **DEDUCTIONS** | | |
| Benefits paid to participants/beneficiaries | 1,419 | 1,398 |
| **TOTAL DEDUCTIONS** | 1,419 | 1,398 |
| **NET INCREASE IN FIDUCIARY NET POSTION** | 2,197 | 1,283 |
| | | |
| NET POSITION - BEGINNING | 38,963 | 37,680 |
| NET POSITION - ENDING | **$ 41,160** | **$ 38,963** |

***The Accompanying Notes are an Integral Part of these Financial Statements***

## Note 1 — Basis of Presentation and Summary of Significant Accounting Policies

*For the Fiscal Year Ended June 30, 2021*

### ORGANIZATION:

Established in 1869, Purdue University (the University) is the land-grant University for the state of Indiana. The University is a comprehensive degree-granting research University with 29 schools and colleges on its main campus in West Lafayette and the following regional campuses:

Purdue University Fort Wayne

Purdue University Northwest

In addition to its academic programs offered at the above campuses, the University offers learning and other assistance programs at various other locations in the state of Indiana through:

Purdue Polytechnic Institute Statewide

College of Agriculture Purdue Extension

Technical Assistance Program

The responsibility for making rules and regulations to govern the University is vested in a 10-member Board of Trustees (the Trustees). The selection of these Trustees is prescribed in Indiana Code IC 21-23-3. Three of the Trustees are selected by the Purdue Alumni Association. The other seven Trustees are selected by the governor. Two of the Trustees must be involved in agricultural pursuits, and one must be a full-time student of the University. All Trustees serve for a period of three years, except for the student member, who serves for two years.

### REPORTING ENTITY:

Governmental Accounting Standards Board (GASB) Statement No. 14 *The Financial Reporting Entity* as amended define the financial reporting entity as an entity that consists of the primary government, Purdue University, and all of its component units. Component units are legally separate organizations which have a fiscal dependency and financial benefit or burden relationship with the primary government and other organizations for which the significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete.

**Purdue International, Inc. (PII)** is a separately incorporated, not-for-profit entity established in 2014 to facilitate the University's international education, research, and exchange activities. In this regard, PII serves as the flagship entity for Purdue's international outreach.

The University is the sole beneficiary of PII and the governing body is substantively the same as the University's governing body. As a result, PII is reported as a blended component unit of the University and consolidated within the University’s financial statements. PII is an exempt organization under Section 501(c) (3) of the Internal Revenue Code.

**Purdue University Global, Inc. (Purdue Global)** is also a separately incorporated entity formed to further the online education offerings in support of Purdue’s land grant mission.

The sole corporate member of Purdue Global is Purdue University, and Purdue Global’s Board of Trustees is made up primarily of members who are also members of the Board of Trustees of Purdue University. As a result, Purdue Global is reported as a blended component unit of the University and consolidated within the University’s financial statements.

There are three discretely presented component units, which are defined as organizations that raise and hold economic resources for the direct benefit of the University. These units are not consolidated within the University's financial statements, but their summary financial information is presented in Note 10 and in statements of presentation immediately following the University's statements as required by GASB Statement No. 39, as amended by GASB Statement No. 61. Two of the current discretely presented component units report under GASB standards, however, Purdue Research Foundation reports under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117 replaced by ASC 958 *Financial Reporting of Not-for-Profit*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

**Purdue Research Foundation (PRF)** was created in 1930 as a separately incorporated, not-for-profit entity. Its primary purpose is to promote the educational purpose of the University; award scholarships, grants, or other financial assistance to students and faculty to aid in scientific investigation, research, or educational studies; seek, acquire, invest, and hold gifts and endowments for the needs of the University; acquire property or facilities for the future use or benefit of the University. The economic resources received or held by PRF are entirely, or almost entirely, for the direct benefit of the University; however, the University does not appoint the voting majority of PRF's Board of Directors. As a result, PRF is reported as a discretely presented component unit. PRF is an exempt organization under Section 501(c) (3) of the Internal Revenue Code. PRF includes several wholly owned subsidiary LLC corporations, all of which support the purposes of PRF and the University. PRF also includes the wholly owned subsidiary McClure Park, LLC, which is a for-profit Indiana corporation that was formed to acquire, construct, lease, operate, convey, and mortgage real estate and personal property of every kind and any interest therein. McClure Park, LLC wholly owns single member limited liability subsidiaries and participates in several limited liability corporations primarily accounted for using the equity method. Complete financial statements for the foundation can be obtained by writing to: Purdue Research Foundation, 1281 Win Hentschel Blvd, Suite 2500, West Lafayette, IN 47906.

**Ross-Ade Foundation** was created in 1923 as a separately incorporated, not-for-profit entity. The Ross-Ade Foundation constructs athletic and parking facilities on behalf of the University. The Ross-Ade Foundation provides services entirely, or almost entirely, to the University or otherwise exclusively, or almost exclusively, benefits the University even if it does not provide services directly to it. The University appoints the voting majority of the Ross-Ade Foundation's Board of Directors, but it is not substantively the same as the University's Board of Directors. As a result, the Ross-Ade Foundation is reported as a discretely presented component unit. The Ross-Ade Foundation is an exempt organization under Section 501(c) (3) of the Internal Revenue Code. Complete financial statements for the foundation can be obtained by writing to: Ross-Ade Foundation, 1281 Win Hentschel Blvd, West Lafayette, IN 47906.

**Purdue Fort Wayne (PFW) Foundation** was created in 1958 to promote the educational purposes of Purdue University Fort Wayne. The PFW Foundation accomplishes that purpose by owning and leasing land and buildings, receiving gifts of money or property, and investing, transferring, or leasing personal or real property for educational or charitable purposes. The PFW Foundation provides services entirely to the University or otherwise exclusively benefits the University even if it does not provide services directly to it. The University appoints the voting majority of the PFW Foundation's Board of Directors, but it is not substantively the same as the

University's Board of Directors. As a result, the PFW Foundation is reported as a discretely presented component unit. The PFW Foundation is an exempt organization under Section 501(c) (3) of the Internal Revenue Code. Complete financial statements for the foundation can be obtained by writing to: PFW Foundation, 2101 East Coliseum Blvd., KT G06, Fort Wayne, IN 46805-1499.

Indiana University-Purdue University Indianapolis is a campus of Indiana University, and accordingly has not been included in the University's financial statements.

## RELATIONSHIP TO THE STATE OF INDIANA:

As one of seven public universities in the state, the University is a discrete component unit of the state of Indiana with its financial results being included in the State's Annual Comprehensive Financial Report. The University receives funding from the state for operations, repair and maintenance, construction, and debt service. A segment of its nonexempt employees participate in the state's public employees' retirement program.

## TAX-EXEMPT STATUS:

The income generated by the University, as an instrument of the State, is generally excluded from federal income taxes under Section 115(a) of the Internal Revenue Code. The University also has a determination letter from the Internal Revenue Service stating it is exempt under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Income generated from activities unrelated to the University's exempt purpose is subject to tax under Internal Revenue Code Section 511(a) (2) (B). There was no tax liability related to income generated from activities unrelated to the University's exempt purpose as of June 30, 2021 and 2020.

## BASIS OF PRESENTATION:

The financial statements of the University have been prepared in accordance with the principles contained in GASB Statement No. 34 *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments* as amended by GASB Statement No. 35 *Basic Financial Statements — and Management's Discussion and Analysis — for Public Colleges and Universities*.

During fiscal year 2021, the University adopted GASB Statement 84 *Fiduciary Activities.*

The effect of GASB Statement 84:

> This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Fiduciary Statements will be presented for the Purdue University Pension Plan for Police Officers and Firefighters for fiscal years 2021 and 2020 based on valuation dates of July 1, 2020 and July 1, 2019 respectively. The University's business-type activities net position was not impacted by the adoption of this standard.

During fiscal year 2020, the University did not adopt any new GASB Statements.

## BASIS OF ACCOUNTING:

The University is considered a special-purpose government engaged only in business-type activities for financial reporting purposes. Accordingly, the University's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation is incurred. Eliminations have been made to prevent the double counting of internal activities. The University reports fiduciary activities, as defined in GASB Statement No. 84, Fiduciary Activities, in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position prepared using the economic resources measurement focus and the accrual basis of accounting.

The University applies all applicable GASB pronouncements.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

**Cash and Cash Equivalents.** Cash and cash equivalents include cash, revolving and change funds, cash in transit, credit card deposits in transit, and certain investments with original maturities of three months or less. It is the University's practice to invest operating cash balances in investments of varying maturity dates. Investments exclusive of endowment funds that are included in cash equivalents represent short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity date that they present insignificant risk of changes in value due to changes in interest rates.

**Investments.** Investments, exclusive of institutional physical properties, are generally reported at fair value. Fair value is generally based on quoted market prices as of June 30, except for certain investments, primarily private equity partnerships, hedge funds, and similar alternative investments for which quoted market prices are not available. The estimated fair value of these investments is based on the valuations provided by external investment managers within the past fiscal year through June 30. Because alternative investments are not readily marketable, their estimated value may differ from the value that would have been used had a ready market value for such investments existed. Investments, exclusive of bond proceeds and endowment funds, may be classified current or noncurrent, depending on the individual investment's maturity date at June 30. Bond proceeds restricted for capital projects and endowment funds are included in noncurrent investments.

**Accounts Receivable.** Accounts receivable primarily represent grant, contract, and student payments due to the University and are shown net of an allowance for doubtful accounts.

**Pledges Receivable.** Pledges receivable are accrued as of the end of the fiscal year, provided the pledge is verifiable, measurable, and probable of collection. Pledges receivable do not include gifts made in anticipation of estates, telephone solicitations, or promises of endowment funds. An allowance for uncollectible pledges is calculated based on the University's experience.

**Notes Receivable.** Notes receivable primarily consist of student loans due to the University and are shown net of allowance for doubtful accounts.

**Other Assets**. Other assets include the following types of assets:

**Inventories**. Inventories principally consist of consumable supplies and items held for resale or recharge within the University, and are valued using a variety of methods, including first in first out (FIFO), weighted average and moving average, depending upon the type of inventory. Agricultural commodities are reported using the consumption method, measured by physical count and are stated at market value.

**Prepaid Expenses**. Prepaid expenses include amounts paid for services attributable to future fiscal years. These services include insurance, operating leases, services of consultants, subscriptions, and certain subcontracts.

**Interest in Charitable Trusts and Contracts**. The University and PRF act as trustees for certain endowments and trust funds, for which they or others have beneficiary interests. In addition, the University and PRF have beneficiary interests in insurance contracts and gift annuity programs.

Various revocable and irrevocable trusts established for the benefit of the University, PRF, and affiliates exist where PRF acts as trustee, commonly referred to as the PRF Trust Funds. The Internal Revenue Service has determined that the PRF Trust Funds are exempt from federal income tax as defined in Sections 642 and 664 of the Internal Revenue Code.

The University records its interest in PRF Trust Funds' charitable remainder trusts at fair value as deferred inflows of resources. Change in fair value from one fiscal year to the next is reflective of changes in the market value of the underlying investments, new trusts being added, and the maturation and liquidation of existing trusts.

The University receives certain charitable contributions from donors which, in accordance with the donors' wishes, are used for annual premium payments toward insurance contracts for which the University is a beneficiary.

**Capital Assets.** Capital assets are stated at cost at the date of acquisition or at the acquisition value as of the date of the gift for capital assets donated to the University. Items are capitalized when their value exceeds the threshold shown in the following table and its estimated useful life is greater than one year.

Renovations to buildings and other improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense. Major outlays for capital assets and improvements are capitalized as construction in progress throughout the building project. Prior to the adoption of GASB 89, interest incurred during the construction phase was included as part of the value of the construction in progress.

Assets under capital leases are capitalized when valued over $500,000 and recorded at the present value of future minimum lease payments and are amortized using the straight-line method over the shorter of the lease term or the estimated useful life. Such amortization is included as depreciation expense in the accompanying financial statements.

The University does not capitalize works of library collections and art or historical treasures that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain nor encumbered in any means.

Depreciation is computed on a straight-line basis over the estimated useful life, as shown in the following table. Capital assets are removed from the records at the time of disposal.

| Property Class | Threshold | Useful Life |
|---|---|---|
| Land | $100,000 | Not depreciated |
| Land Improvements | $100,000 | 5-25 years |
| Infrastructure | $100,000 | 5-25 years |
| Buildings and Related Components | $100,000 | 10–50 years |
| Moveable Equipment (including fabricated equipment) | $5,000 | 5-10 years |
| Intangible Assets (software) | $500,000 | 7 years |

**Unearned Revenue.** Unearned revenue consists of amounts received in advance of an event, such as student tuition, amounts received from grant sponsors not yet earned, and advance ticket sales related to future fiscal years.

**Accrued Compensated Absences.** Liabilities for compensated absences are recorded for vacation leave based on actual amounts earned as of the end of the fiscal year. Exempt employees may accrue vacation benefits up to a maximum of 44 days. Clerical and service staff may accrue vacation up to 320 hours. For all classes of employees, accrued vacation is payable upon termination. Upon meeting the definition of an official University retiree, benefits-eligible clerical and service staff receive cash payments for a portion of their accrued sick leave. An estimate of sick leave liability is recorded for the clerical and service staff based on historical payouts. The liability for compensated absences is expected to be funded by various sources of revenue that are available in future years when the liability is paid.

**Net Pension Liability and Related Items.** The University participates in the Public Employees' Retirement Fund (PERF) Hybrid Plan, an employer cost sharing plan managed by the Indiana Public Retirement System (INPRS). The University's net pension liability, associated deferred outflows and deferred inflows of resources, and pension expense are reported in conformance with GASB 68, using the information reported by INPRS related to our allocated share of these items.

**Net Position.** University resources are classified for accounting and financial reporting purposes into four net position categories:

**Net Invested in Capital Assets**. Represents resources resulting from capital acquisition or construction, net of accumulated depreciation, and net of related debt. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

**Restricted–Nonexpendable**. This is the portion of net position subject to externally imposed stipulations that the funds be maintained inviolate and in perpetuity. Such assets include the corpus of the University's permanent and term endowments and are categorized as instruction and research, student aid, and other.

**Restricted–Expendable**. Represents net position that may be spent provided certain third-party restrictions are met. The following categories of restricted–expendable net position are presented: instruction, research, and public service; student aid; construction; and other. A significant portion of the "Other" category is related to undistributed gains of donor-restricted balances on endowments or quasi-endowments.

**Unrestricted.** Unrestricted net position is the balance not subject to externally imposed stipulations pertaining to their use. Management may designate that these funds will be spent for certain projects or programs or to fulfill certain long-term goals. Management has designated substantially all unrestricted net position for academic and capital purposes.

**Deferred Outflows and Inflows of Resources.** In addition to Assets, Liabilities, and Net Position, shown in a separate section of the Statement of Net Position are Deferred Outflows and Inflows of Resources, which represent a consumption or an acquisition of resources not requiring any further exchange of goods and services, but which are applicable to future periods. Expense or Revenue related to these deferred items will be appropriately recognized in future reporting periods.

**Intra-University Transactions.** Intra-university transactions are eliminated from the statements to avoid double counting of certain activities. Examples of these transactions are internal loans and sales and services between University departments.

**Classification of Revenues and Expenses.** The University has classified revenues and expenses as operating or non-operating based upon the following criteria:

**Operating Revenues.** Revenues derived from activities associated with providing goods and services for instruction, research, public service, health services, or related support to entities separate from the University and that result from exchange transactions. Exchange activities are transactions where the amount received approximates the fair market value of the goods or services given up. Examples include student tuition and fees, grants and contracts, auxiliary operations (such as intercollegiate athletics and housing and food services), and sales and service operations.

**Operating Expenses.** Expenses paid to acquire or produce goods and services provided in return for operating revenues and to carry out the mission of the University. Examples include compensation and benefits, travel, and supplies. Graduate, staff, staff dependent, and staff spouse fee remissions are included with compensation and benefits. Expenses are reported using natural classifications in the Statement of Revenues, Expenses, and Changes in Net Position. Functional classification reporting appears in Note 8. Indirect expenses, such as depreciation, are not allocated across functional categories.

**Nonoperating Revenues and Expenses.** Revenues and related expenses that do not meet the definition of operating revenues. These revenues and expenses are primarily derived from activities that are classified as non-exchange transactions, and from activities defined as such by the GASB cash flow standards. Examples include state appropriations, private gifts, investment income, and certain federal financial aid. Non-operating expenses primarily include interest on short-term and long-term borrowing.

**Application of Restricted and Unrestricted Resources.** When both restricted and unrestricted resources are available for a particular expenditure, University departments may select the most appropriate source based on individual facts and circumstances. The University, as a matter of policy, does not require monies to be spent in a particular order, only that the expenditure be allowable, allocable, and reasonable to the source selected. Restricted monies are categorized as restricted until the external stipulations have been satisfied.

**Tuition and Fees.** Tuition and fees assessed to students are reported gross with the related scholarship discount and allowance presented below in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship allowances represent the value of scholarships, grants, and various other types of aid provided by the University. Student loans are not included in this calculation. Student aid applied to housing is shown as an allowance, presented below auxiliary revenues. Aid paid directly to students is shown as scholarships, fellowships, and student awards expenses. Graduate and other employment-related remissions are included with compensation and benefits expenses.

**Grants and Contracts.** The University has been awarded grants and contracts for which the monies have not been received or expended. These awards have not been reflected in the financial statements but represent commitments of sponsors — both government and other — to provide funds for specific research and training projects.

The University makes commitments to share in the cost of various sponsored projects. Monies to satisfy these commitments are designated when grants and contracts are awarded. As sponsor dollars are spent, the University matches according to the terms of the agreement.

**Gifts.** The University receives pledges of financial support from many different sources. Gift income is recognized when received or pledged. In-kind gifts of tangible or intangible property are recognized at acquisition value on the date of gift and are capitalized, if appropriate, subject to the University's policies on capitalization. Revenue from gifts-in-kind of approximately $4,516,000 and $2,885,000 was recognized during the years ending June 30, 2021 and 2020, respectively.

**Fiduciary Activity.** The University records amounts held in a fiduciary capacity for others. These amounts are not used to operate the University's programs. A single-employer defined benefit plan pension program for police officers and firefighters is reported as a fiduciary activity of the University.

**Reclassifications.** Certain reclassifications have been made to prior year statements and certain notes for comparative purposes and do not constitute a restatement of prior periods.

**Use of Estimates.** Management uses estimates and assumptions in the preparation of the financial statements in conformity with generally accepted accounting principles. These estimates and assumptions may affect the reported amounts of assets and liabilities, the 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.

**COVID-19 Impact and Current Environment.** On March 6, 2020, the Governor of Indiana issued Executive Order 20-02, declared a public health emergency, and ordered the Indiana State Department of Health (ISDH) to take action to prevent the spread of coronavirus disease 2019 (COVID-19). There was much uncertainty at the time as to how the COVID pandemic could impact the University's finances. Now that we are over one year into the pandemic, we have seen that University responses have mitigated potential negative financial impacts. The safeguards put into place have enabled students to return to a safe environment, allowing the University to continue to operate and in fact grow its student population and tuition revenue throughout the last fiscal year. There could still be a financial impact to the University, as the pandemic continues to ebb and flow, and the future extent and severity of the impact on the University and its students cannot be definitively predicted. However, we believe that the University is uniquely positioned to provide its educational offerings in a safe, effective manner, enabling continuation of services even through more potential COVID related lockdowns.

The Coronavirus Aid, Relief, and Economic Security Act or, CARES Act, was passed by Congress on March 27th 2020. This bill allotted approximately $14 billion to the Office of Postsecondary Education as the Higher Education Emergency Relief Fund, or HEERF I. On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) was signed into law. As part of the CRRSAA, universities and colleges across the country were allocated funding through the Higher Education Emergency Relief Fund II (HEERF II) to offset the financial impact to students due to the disruption caused by COVID-19. On March 11, 2021, The Higher Education Emergency Relief Fund III (HEERF III), authorized by the American Rescue Plan, Public Law 117-2, was signed into law, providing $39.6 billion in support to institutions of higher education to serve students and ensure learning continues during the COVID-19 pandemic.

Both Purdue University and Purdue Global received grant funding under the HEERF grant programs.

During the year ended June 30, 2020, Purdue University was awarded HEERF grants of $34.0 million, where 50 percent was required to be directly given to students. During the year ended June 30, 2021, Purdue University was awarded additional HEERF grants of $152.1 million. Of this amount, $66.0 million was required to be directly given to students.

During fiscal year ended June 30, 2020, Purdue University paid out $4.3 million to students, with an equal amount being received from the HEERF grant during that fiscal year, and recognized as revenue. In the fiscal year ended June 30, 2021, Purdue University received $83.0 million from the HEERF grants, of which $29.0 million was given directly to students, and $54.0 million was utilized for institutional COVID-related expenses. Of the total amount received during this fiscal year, $80.1 million was recognized as nonoperating revenue.

As of June 30, 2021, Purdue University has $98.8 million available to draw on HEERF grants, of which $49.7 million is required to go directly to students.

Purdue Global did not receive any HEERF funding during fiscal year 2020. They were awarded $38.6 million of HEERF grants during the year ended June 30, 2021. During this fiscal year, Purdue Global recognized HEERF grant revenue of $10.1 million, all of which was distributed directly to students. As of June 30, 2021, Purdue Global still has $28.5 million available to draw on this grant and any remaining funds drawn will be distributed to students.

## Upcoming Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The new lease standard is expected to have a significant effect on the University's financial statements as a result of the leases for real property and equipment classified as operating leases. The effect of applying the new lease guidance on the financial statements has not yet been determined. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2022.

In June 2020, the Governmental Accounting Standards Board issued GASB Statement No 97, *Certain component unit criteria, and accounting and financial reporting for internal revenue code section 457 Deferred Compensation Plans—an amendment of GASB Statements No 14 and No 84, and a supersession of GASB Statement No 32,* which:

- Increases consistency and comparability related to reporting of fiduciary component units with certain governance structures.
- Mitigates costs, and enhances relevance, consistency and comparability of certain defined contribution pension, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans).
- Enhances the relevance, consistency and comparability of accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet certain definitions.

The effect of applying the new guidance on the financial statements has not yet been determined. The provisions of this statement related to financial reporting are effective for the University's financial statements for the year ending June 30, 2022.

## Note 2 — Deposits and Investments

**Purdue University Deposits and Investments.** Authorization for investment activity is stated in Indiana Code IC 21-29-2-1. Additionally, the Bylaws of the Trustees, revised and amended on August 3, 2018, authorize the Treasurer of the Trustees of Purdue University to implement investment activity. Except for some investments that are separately held in accordance with donor restrictions or bond covenants, the University investments are managed under guidance from two separate policies, the Purdue Investment Pool – Cash (PIPC) policy, and the Purdue Endowment Investment Policy (PIP), both of which are endorsed by the Trustees.

At June 30, the University had the following deposits and investments (dollars in thousands):

| Investment Type | June 30, 2021 | June 30, 2020 |
|---|---|---|
| **SEPARATELY HELD INVESTMENTS:** | | |
| Land Grant Cash Held by State Treasurer | $ 340 | $ 340 |
| US Equity | 73,832 | 52,092 |
| Public Real Estate | 1,755 | 1,623 |
| Asset-Backed Securities | 1,698 | 1,426 |
| Corporate Bonds | 796 | 878 |
| Venture Capital/Private Equity | 98 | 245 |
| Short Term Investments | 60,440 | 78,317 |
| **BOND PROCEEDS INVESTED:** | | |
| Short Term Investments | 22,440 | 120,881 |
| **PIPC:** | | |
| Short Term Investments | 296,394 | 360,263 |
| Fixed Income: | | |
| Asset-Backed Securities | 104,420 | 108,187 |
| Corporate Bonds | 626,316 | 569,136 |
| Mortgage-Backed Securities | 294,656 | 287,045 |
| US Agencies | 60,629 | 58,152 |
| US Treasuries and Securities | 530,321 | 374,312 |
| **PIP:** | | |
| Short Term Investments | 81,338 | 77,598 |
| US Equity | 660,943 | 494,996 |
| International Equity | 363,440 | 265,029 |
| Fixed Income | 106,399 | 88,920 |
| Emerging Markets | 122,683 | 93,852 |
| Marketable Alternatives | 203,645 | 184,762 |
| Public Real Estate | 148,764 | 105,409 |
| Private Real Estate | 74,712 | 55,560 |
| Public Natural Resources | 85,197 | 25,384 |
| Private Natural Resources | 67,532 | 51,586 |
| Venture Capital/Private Equity | 701,211 | 322,285 |
| **Total** | **$ 4,689,999** | **$ 3,778,278** |

At June 30, the fiduciary activities had the following investments (dollars in thousands):

| Investment Type | | June 30, 2021 | | June 30, 2020 |
|---|---|---|---|---|
| **FIDUCIARY INVESTMENTS:** | | | | |
| TIAA Traditional | $ | 15,391 | $ | 16,081 |
| CREF Stock Account | | 10,477 | | 10,211 |
| CREF Growth Account | | 15,250 | | 12,631 |
| **Total** | **$** | **41,118** | **$** | **38,923** |

The University's investment values included accumulated unrealized gains of approximately $696,626,000 and $184,805,000 as of June 30, 2021 and 2020, respectively. During the years ended June 30, 2021 and 2020, the investment income included an unrealized gain of approximately $511,821,000 and an unrealized loss of approximately $73,880,000, respectively.

As of June 30, 2021 and 2020, the University had approximately $590,520,000 and $347,030,000 of PIPC assets invested in, and shown as part of the PIP investment. In addition, the bank balance of the University's deposits (demand deposit accounts) as of June 30, 2021 and 2020, was approximately $96,079,000 and $8,642,000, respectively. Federal depository insurance covered $250,000 of demand deposits and the remaining balance was insured by the state of Indiana's Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Cash and Cash Equivalents at Purdue Global consist of funds held in checking, savings, and money market accounts. Balances, excluding money market funds, at June 30, 2021 and 2020 were approximately $500,000 and $100,000, respectively. Federal depository insurance covered $500,000 and any remaining balance is uninsured and uncollateralized. Purdue Global evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with acceptable estimated risk levels are used as depositories.

## Purdue University Investment Policies

Invested bond proceeds follow investment practices in compliance with arbitrage regulations and generally have maturities of three years or less. These investments are readily available to match expected construction expenditures.

The Purdue Board of Trustees adopted the Purdue Investment Pool – Cash (PIPC) investment policy on May 15, 2015. The primary investment objectives of PIPC are 1) the preservation of capital, 2) the maximization of returns within acceptable levels of risk, and 3) management of liquidity requirements. Authorized investments include obligations of the United States (US) government, its agencies, and its instrumentalities; asset-backed and mortgage-backed securities (rated at least AAA or equivalent); corporate notes, corporate bonds, 144A bonds and Yankee bonds (rated investment grade) with demonstrated liquidity and marketability; pooled funds including mutual funds and common trust funds; high-yield bonds, include corporate bonds and bank loans (minimum credit quality of Ba3/BB-); investments managed under the University's endowment investment policy and the PIPC Loan Program supporting projects that are consistent with the mission to support the University and result in a public or charitable benefit or use for the University or its students.

Investments in PIPC shall be diversified, resulting in a portfolio weighted average duration of between two and five years, with an overall credit rating of "AA" as rated by a nationally recognized rating agency such as Moody's or Standard and Poor's, assuming the credit worthiness of the United States of America is AAA. If the United States of America is downgraded the portfolio's overall credit rating may fall in tandem and still be considered in compliance with this policy. Bonds rated BBB or lower will not exceed 20% of the portfolio. Funds not required to meet cash needs will be invested over a longer-term horizon.

The Purdue Endowment Investment Policy (PIP) outlining the parameters for endowment investments was updated on December 6, 2019. Authorized investments include equity, fixed income and alternative investments, including comingled investments. The overall policy objective is to generate real returns greater than its spending rate over the long term. The policy sets forth a diversified approach by and within the asset classes with the balanced goal of maximizing return and preserving purchasing power. Moreover, a single active manager or affiliated groups of active managers will not represent more than 10% of the total endowment's market value. A single passive manager or affiliated groups of passive managers will not represent more than 25% of the total endowment's market value. As a partial hedge against prolonged economic contraction, the University has adopted a target allocation of 10% for fixed income.

Portfolios will be invested in securities that result in a weighted average credit quality rating of at least AA or better with no single fixed income manager having more than 10% of its portfolio in obligations rated less than BBB or its equivalent by Moody's or Standard & Poor's. Any commercial paper in the portfolio must be rated A-1/P-1 by each rating service rating said credit. Any Bankers acceptances and certificates of deposits in the portfolio must be issued by banks having a Keefe, Bruyette & Woods rating of A, A/B, or B.

## Interest Rate and Credit Rate Risks

Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment.

In accordance with the PIPC, the University manages its exposure to changes in fair values by limiting the weighted average maturity of its investment portfolio to between 2 and 5 years.

The PIP, as a long-term pool of capital, has a fixed income policy target of 10% but does not limit the maturity of the individual holdings as a means to manage interest rate risk.

The University had the following fixed-income investments and maturities (dollars in thousands):

| June 30, 2021 | Maturity | | | | |
|---|---|---|---|---|---|
| **Investment Type** | **0–1 year** | **1–5 years** | **6–10 years** | **>10 years** | **Totals** |
| **Separately Held:** | | | | | |
| Asset-Backed Securities | $ 20 | $ 443 | $ 1,219 | $ 16 | $ 1,698 |
| Corporate Bonds | - | 210 | 586 | - | 796 |
| **PIPC:** | | | | | |
| Asset-Backed Securities | 12,749 | 57,246 | 2,402 | 32,023 | 104,420 |
| Corporate Bonds | 105,668 | 353,386 | 95,773 | 71,489 | 626,316 |
| Mortgage-Backed Securities | 13,463 | 34,417 | 25,770 | 221,006 | 294,656 |
| US Agencies | 519 | 14,542 | 33,102 | 12,466 | 60,629 |
| US Treasuries and Securities | 184,224 | 267,425 | 70,194 | 8,478 | 530,321 |
| **PIP:** | | | | | |
| Fixed Income and other | 24,328 | 53,531 | 15,365 | 26,980 | 120,204 |
| **Total** | $ 340,971 | $ 781,200 | $ 244,411 | $ 372,458 | $ 1,739,040 |

| June 30, 2020 | Maturity | | | | |
|---|---|---|---|---|---|
| **Investment Type** | **0–1 year** | **1–5 years** | **6–10 years** | **>10 years** | **Totals** |
| **Separately Held:** | | | | | |
| Asset-Backed Securities | $ - | $ 370 | $ 963 | $ 93 | $ 1,426 |
| Corporate Bonds | - | 209 | 669 | - | 878 |
| **PIPC:** | | | | | |
| Asset-Backed Securities | 3,813 | 64,938 | 8,228 | 31,208 | 108,187 |
| Corporate Bonds | 93,952 | 340,099 | 79,678 | 55,407 | 569,136 |
| Mortgage-Backed Securities | 23,087 | 41,099 | 28,811 | 194,048 | 287,045 |
| US Agencies | 1,817 | 18,919 | 25,522 | 11,894 | 58,152 |
| US Treasuries and Securities | 123,335 | 172,046 | 66,426 | 12,505 | 374,312 |
| **PIP:** | | | | | |
| Fixed Income and other | 14,389 | 44,915 | 14,036 | 22,493 | 95,833 |
| **Total** | $ 260,393 | $ 682,595 | $ 224,333 | $ 327,648 | $ 1,494,969 |

The distribution of investments by credit ratings is summarized below (dollars in thousands):

| | | June 30, 2021 | % of Total | | June 30, 2020 | % of Total |
|---|---|---|---|---|---|---|
| **Separately Held:** | | | | | | |
| A | $ | 688 | 27.59% | $ | 441 | 19.14% |
| AA | | 680 | 27.27% | | 391 | 16.97% |
| AAA | | 138 | 5.53% | | 259 | 11.24% |
| BAA | | 129 | 5.17% | | 155 | 6.73% |
| Unrated | | 859 | 34.44% | | 1,058 | 45.92% |
| Total Separately Held | | 2,494 | 100.00% | | 2,304 | 100.00% |
| **PIPC:** | | | | | | |
| A | | 299,155 | 18.51% | | 293,061 | 20.98% |
| AA | | 63,734 | 3.94% | | 73,585 | 5.27% |
| AAA | | 886,852 | 54.86% | | 731,148 | 52.34% |
| B | | - | - | | 1,096 | 0.08% |
| BA | | 38,889 | 2.41% | | 24,840 | 1.78% |
| BAA | | 198,732 | 12.30% | | 157,552 | 11.28% |
| Unrated[1] | | 128,980 | 7.98% | | 115,550 | 8.27% |
| Total PIPC: | | 1,616,342 | 100.00% | | 1,396,832 | 100.00% |
| **PIP:** | | | | | | |
| A | | 17,765 | 14.78% | | 20,743 | 21.65% |
| AA | | 4,255 | 3.54% | | 5,205 | 5.43% |
| AAA | | 69,343 | 57.69% | | 49,240 | 51.38% |
| BA | | 3,826 | 3.18% | | 1,793 | 1.87% |
| BAA | | 13,609 | 11.32% | | 9,959 | 10.39% |
| Unrated[1] | | 11,406 | 9.49% | | 8,893 | 9.28% |
| Total PIP | | 120,204 | 100.00% | | 95,833 | 100.00% |
| **Total** | **$** | **1,739,040** | | **$** | **1,494,969** | |

[1]Unrated includes investments with Not Rated (NR) or Withdrawn (WR) ratings.

**Investment Custodial Credit Risk.** Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, the University will not be able to recover the value of the investments that are in the possession of an outside party. Therefore, exposure arises if the securities are uninsured, not registered in the University's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not in the University's name. Open-ended mutual funds and certain other investments are not subject to custodial risk because ownership of the investment is not evidenced by a security.

All Separately Held and PIPC investments were maintained either in Purdue University accounts or Purdue Global accounts at custodial banks with the exception of $340,000 at both June 30, 2021 and 2020 which was held in the State's name. All PIP investments are held at PRF including private placements and investments in limited partnerships which totaled approximately $1,047,100,000 and $614,193,000 respectively at June 30, 2021 and 2020.

**Foreign Currency Risk.** Endowment equity managers may invest in common stocks, preferred stocks or fixed-income instruments convertible into common stocks, and American Depository Receipts of foreign corporations. The University's endowment fixed-income managers may invest in foreign fixed-income securities equivalent in quality to permitted domestic securities, but not to exceed 20% of the assets entrusted to the manager. All currency exposures are to be hedged into the U.S. dollar unless otherwise approved by the University. The University's exposure to foreign currency risk at June 30 was comprised of investments denominated in the following foreign currencies (dollars in thousands).

| Currency | June 30, 2021 | June 30, 2020 |
|---|---|---|
| Australian Dollar | $ 6 | $ 53 |
| British Pound Sterling | - | 3 |
| Canadian Dollar | 1,740 | 2,142 |
| Euro | 2,888 | 5,259 |
| Hong Kong Dollar | - | 497 |
| Swiss Franc | - | 485 |
| **Total** | **$ 4,634** | **$ 8,439** |

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. As of June 30, 2021 and 2020, no more than 5% of total investments were with any single issuer, except U.S. Treasury, Agencies, and other pooled investments, consistent with policy limits.

**Donor-Restricted Endowments.** The University's endowment funds (including true, term, and funds functioning as endowments) are invested in a unitized pool. The unitized endowment pool purchases investments to generate present and future income in support of various programs. The Trustees establish the spending policy for the unitized endowment pool. The approved spending policy distributed up to 5% of the average of the ending values for the prior twelve quarters in semiannual distributions.

As of June 30, 2021 and 2020, accumulated market appreciation of the PIP pool was approximately $1,048,334,000 and $360,479,000, respectively. Of this amount, 46.51% and 39.44% represents appreciation attributable to donor-restricted (true and term) endowments during the year ended June 30, 2021 and 2020, respectively. The University's endowment policies are subject to the provisions of Indiana Code IC 30-2-12, "Uniform Management of Institutional Funds." Under this section, the Trustees may authorize expenditure — consistent with donors' intent — of net appreciation in the fair value of the assets of the endowment.

**Interest in Charitable Trusts.** As of June 30, 2021 and 2020, the PRF PIP investment pool includes the following PRF Trusts assets, net of liabilities (dollars in thousands).

| | Assets at Fair Value | |
|---|---|---|
| | June 30, 2021 | June 30, 2020 |
| University | $ 34,137 | $ 27,718 |
| PRF | 41,773 | 35,954 |
| Other Affiliates | 282 | 242 |
| **Total** | **$ 76,192** | **$ 63,914** |

As of June 30, 2021 and 2020, the University's beneficial interest in the Trust Assets of $34,137,000 and $27,718,000, respectively, are reported as Deferred Inflows of Resources.

**PRF Investments.** PRF manages the investment of the PIP on behalf of the University. The fair value of all PRF investments, inclusive of the $2,615,864,000 and $1,765,381,000 of the University's PIP, at June 30, 2021 and 2020, respectively, is as follows (dollars in thousands):

| Investment Type | | June 30, 2021 | | June 30, 2020 |
|---|---|---|---|---|
| Short-Term Investments | $ | 1,332 | $ | 5,222 |
| U.S. Equity | | 31,030 | | 31,686 |
| Fixed Income | | 15,619 | | 7,083 |
| Venture Capital | | 680 | | 537 |
| Private Natural Resources | | 9,500 | | 9,500 |
| Pooled Funds: | | | | |
| Short-Term Investments | | 239,482 | | 210,193 |
| U.S. Equity | | 986,156 | | 764,222 |
| International Equity | | 507,837 | | 380,987 |
| Fixed Income | | 157,428 | | 136,343 |
| Emerging Markets | | 171,426 | | 134,916 |
| Public Real Estate | | 207,869 | | 151,528 |
| Private Real Estate | | 87,889 | | 63,528 |
| Public Natural Resources | | 119,046 | | 36,490 |
| Private Natural Resources | | 94,363 | | 74,156 |
| Hedge Funds | | 284,554 | | 265,601 |
| Venture Capital/Private Equity | | 976,287 | | 459,846 |
| **Total** | **$** | **3,890,498** | **$** | **2,731,838** |

### Fair Value Disclosures

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the University's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The GASB 72 accounting standard for disclosure describes three levels of inputs that may be used to measure fair value, as indicated below:

**Level 1.** Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

**Level 2.** Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

**Level 3.** Significant unobservable inputs that reflect a reporting entity's own assumptions.

**Net Asset Value (NAV).** Certain investments are valued using the net asset value (NAV), or its equivalent, provided by the fund as a practical expedient. Those investments include pooled equities, marketable alternative assets, and partnerships and are excluded from the valuation hierarchy.
In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The fair values of investments that are readily marketable, such as equities, government securities and money market funds, are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or by quoted market prices of similar securities with similar due dates or matrix pricing for mutual funds and bonds (Level 2 inputs).

Assets and Liabilities measured at fair value on a recurring basis for the University are summarized below (dollars in thousands):

| | Fair Value Measurements at June 30, 2021 | | | | |
|---|---|---|---|---|---|
| **Investment Type** | **Level 1** | **Level 2** | **Level 3** | **NAV** | **Total** |
| **SEPARATELY HELD INVESTMENTS:** | | | | | |
| Land Grant Cash Held by State Treasurer | $ - | $ 340 | $ - | $ - | $ 340 |
| US Equity | 73,832 | - | - | - | 73,832 |
| Public Real Estate | - | - | 1,755 | - | 1,755 |
| Asset-Backed Securities | - | 1,698 | - | - | 1,698 |
| Corporate Bonds | - | 796 | - | - | 796 |
| Venture Capital/Private Equity | - | - | - | 98 | 98 |
| Short Term Investments | 60,440 | - | - | - | 60,440 |
| **BOND PROCEEDS INVESTED:** | | | | | |
| Short Term Investments | 22,440 | - | - | - | 22,440 |
| **PIPC:** | | | | | |
| Short Term Investments | 296,394 | - | - | - | 296,394 |
| Fixed Income: | | | | | |
| Asset-Backed Securities | - | 104,420 | - | - | 104,420 |
| Corporate Bonds | - | 626,316 | - | - | 626,316 |
| Mortgage-Backed Securities | - | 294,656 | - | - | 294,656 |
| US Agencies | - | 60,629 | - | - | 60,629 |
| US Treasuries and Securities | 530,321 | - | - | - | 530,321 |
| **PIP:** | | | | | |
| Short Term Investments | 81,338 | - | - | - | 81,338 |
| US Equity | - | - | - | 660,943 | 660,943 |
| International Equity | 363,440 | - | - | - | 363,440 |
| Fixed Income | 31,981 | 74,418 | - | - | 106,399 |
| Emerging Markets | 122,683 | - | - | - | 122,683 |
| Marketable Alternatives | - | - | - | 203,645 | 203,645 |
| Public Real Estate | 148,764 | - | - | - | 148,764 |
| Private Real Estate | - | - | - | 74,712 | 74,712 |
| Public Natural Resources | 85,197 | - | - | - | 85,197 |
| Private Natural Resources | - | - | - | 67,532 | 67,532 |
| Venture Capital/Private Equity | - | 4,136 | - | 697,075 | 701,211 |
| **Total** | **$ 1,816,830** | **$ 1,167,409** | **$ 1,755** | **$ 1,704,005** | **$ 4,689,999** |

| Fair Value Measurements at June 30, 2020 | | | | | |
|---|---|---|---|---|---|
| **Investment Type** | **Level 1** | **Level 2** | **Level 3** | **NAV** | **Total** |
| **SEPARATELY HELD INVESTMENTS:** | | | | | |
| Land Grant Cash Held by State Treasurer | $ - | $ 340 | $ - | $ - | $ 340 |
| US Equity | 52,092 | - | - | - | 52,092 |
| Public Real Estate | - | - | 1,623 | - | 1,623 |
| Asset-Backed Securities | - | 1,426 | - | - | 1,426 |
| Corporate Bonds | - | 878 | - | - | 878 |
| Venture Capital/Private Equity | - | - | - | 245 | 245 |
| Short Term Investments | 78,317 | - | - | - | 78,317 |
| **BOND PROCEEDS INVESTED:** | | | | | |
| Short Term Investments | 120,881 | - | - | - | 120,881 |
| **PIPC:** | | | | | |
| Short Term Investments | 360,263 | - | - | - | 360,263 |
| Fixed Income: | | | | | |
| Asset-Backed Securities | - | 108,187 | - | - | 108,187 |
| Corporate Bonds | - | 569,136 | - | - | 569,136 |
| Mortgage-Backed Securities | - | 287,045 | - | - | 287,045 |
| US Agencies | - | 58,152 | - | - | 58,152 |
| US Treasuries and Securities | 374,312 | - | - | - | 374,312 |
| **PIP:** | | | | | |
| Short Term Investments | 77,598 | - | - | - | 77,598 |
| US Equity | 278,667 | 20,499 | - | 195,830 | 494,996 |
| International Equity | 227,939 | - | - | 37,090 | 265,029 |
| Fixed Income | 21,496 | 67,424 | - | - | 88,920 |
| Emerging Markets | 68,607 | - | - | 25,245 | 93,852 |
| Marketable Alternatives | - | - | - | 184,762 | 184,762 |
| Public Real Estate | 105,409 | - | - | - | 105,409 |
| Private Real Estate | - | - | - | 55,560 | 55,560 |
| Public Natural Resources | 25,384 | - | - | - | 25,384 |
| Private Natural Resources | - | - | - | 51,586 | 51,586 |
| Venture Capital/Private Equity | - | 5,136 | - | 317,149 | 322,285 |
| **Total** | **$ 1,790,965** | **$ 1,118,223** | **$ 1,623** | **$ 867,467** | **$ 3,778,278** |

Investments measured at fair value on a recurring basis for fiduciary activities are summarized below (dollars in thousands):

| Fair Value Measurements at June 30, 2021 | | | | | |
|---|---|---|---|---|---|
| **Investment Type** | **Level 1** | **Level 2** | **Level 3** | **NAV** | **Total** |
| **FIDUCIARY INVESTMENTS:** | | | | | |
| TIAA Traditional | $ - | $ 15,391 | $ - | | $ 15,391 |
| CREF Stock Account | - | - | - | 10,477 | 10,477 |
| CREF Growth Account | - | - | - | 15,250 | 15,250 |
| **Total** | **$ -** | **$ 15,391** | **$ -** | **$ 25,727** | **$ 41,118** |

| Fair Value Measurements at June 30, 2020 | | | | | |
|---|---|---|---|---|---|
| **Investment Type** | **Level 1** | **Level 2** | **Level 3** | **NAV** | **Total** |
| **FIDUCIARY INVESTMENTS:** | | | | | |
| TIAA Traditional | $ - | $ 16,081 | $ - | | $ 16,081 |
| CREF Stock Account | - | - | - | 10,211 | 10,211 |
| CREF Growth Account | - | - | - | 12,631 | 12,631 |
| **Total** | **$ -** | **$ 16,081** | **$ -** | **$ 22,842** | **$ 38,923** |

**Short Term Investments.** Short Term Investments include cash and cash equivalents valued at cost, which approximates fair value. Investments in this category are valued at the quoted market price reported on the active market on which the individual securities are traded on the last day of the business year (Level 1 inputs).

**U.S. Equity.** Equity investments are generally in separately managed accounts principally invested in common stocks. The fair values of common stocks are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). The University also has equity investments in commingled funds that are valued using NAV under the market approach as a practical expedient in one case and not as a practical expedient in another (Level 2 inputs).

**Fixed Income.** Investments in U.S. treasury notes are determined by obtaining quoted prices on globally recognized exchanges (Level 1 inputs). Government agency and asset-backed securities are valued without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities or on models using market information (Level 2 inputs). The University also has fixed income investments held in commingled funds that are valued using NAV, not as a practical expedient, under the market approach. These investments are able to be redeemed on a short-term basis (Level 2 inputs).

**International Equity.** Non-U.S. equity investments are generally in separately managed accounts principally invested in common stocks. The fair values of common stocks are determined by obtaining quoted prices on globally recognized securities exchanges (Level 1 inputs). The University also has an equity investment in a commingled fund that is valued using NAV as a practical expedient under the market approach. This investment is able to be redeemed on a short-term basis. There are no unfunded future commitments to these investments.

**Emerging Markets.** Equity investments held in common stock of developing countries. The fair values of common stocks are determined by obtaining quoted prices on globally recognized securities exchanges (Level 1 inputs). The University also has an equity investment held in a commingled fund that is valued using NAV as a practical expedient under the market approach. There are no significant restrictions on redemption and no unfunded future commitments to these investments.

**Marketable Alternatives.** Marketable Alternatives include Hedge funds which are investments that employ a variety of strategies including US and global long/short, event and diversified arbitrage. The funds seek to generate positive risk-adjusted returns across a range of market environments. An NAV is used to determine the fair value as a practical expedient. The managers utilize standard valuation procedures and policies to assess the fair value of the underlying investment holdings to derive NAV. For holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values, and holdings in private securities are generally valued using the market approach, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals and/or the income approach. Redemptions may be made monthly, quarterly, or annually with notice periods ranging from 30 to 90 days.

**Public Real Estate.** Real estate equity investments are generally in separately managed accounts or a fund principally invested in common stocks. The fair values of common stocks are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). There are no significant restrictions on redemption and no unfunded future commitments to these investments.

**Private Real Estate.** The fair values of the investments in real estate partnerships have been estimated using the NAV of the ownership interest in partners' capital, not as a practical expedient. For partnership holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values, and holdings in private securities are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals and/or the income approach. These investments cannot be redeemed with the fund managers until the partnerships terminate, which range from 3 to 10 years.

**Public Natural Resources.** Natural Resource equity investments are generally in separately managed accounts or a fund principally invested in common stocks. The fair values of the common stocks held in a commingled fund are valued by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). There are no significant restrictions on redemption and no unfunded future commitments to these investments.

**Private Natural Resources.** The fair values of the investments in energy-related and mineral and mining partnerships have been estimated using the NAV of the ownership interest in partners' capital, not as a practical expedient, for some of the investments but not for all of the holdings. For partnership holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values, and holdings in private securities are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals and/or the income approach. These investments cannot be redeemed with the fund managers until the partnerships terminate, which range from 5 to 12 years.

**Venture Capital/Private Equity.** The fair values of the investments in buyout and venture partnership have been estimated using the NAV of ownership interest in partners' capital, not as a practical expedient. For partnership holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values, and holdings in private securities are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals and/or the income approach. These investments cannot be redeemed with the fund managers until the partnerships terminate, which range from 1 to 12 years. A special situations private equity investment fund is able to be redeemed on a short-term basis with no significant restrictions (Level 2 inputs).

## Note 3 – Accounts, Pledges, and Notes Receivable

Accounts and notes receivable consisted of the following (dollars in thousands):

| | June 30, 2021 | June 30, 2020 |
|---|---|---|
| Grants and Contracts | $ 81,228 | $ 53,951 |
| Student and General | 49,982 | 40,555 |
| Other Accrued Revenues | 24,424 | 22,519 |
| Less: Allowance for Doubtful Accounts | (5,105) | (3,679) |
| **Total Accounts Receivable, Net** | **150,529** | **113,346** |
| | | |
| Pledges Receivable | 72,510 | 65,651 |
| Less: Allowance for Doubtful Pledges | (4,208) | (2,870) |
| Net Pledges Receivables | 68,302 | 62,781 |
| Less: Noncurrent Portion | (36,520) | (25,915) |
| **Pledges Receivable, Current Portion** | **31,782** | **36,866** |
| | | |
| Perkins Loans | 8,823 | 11,817 |
| Institutional Loans | 33,890 | 38,574 |
| Other Student Loans and Notes Receivable | 412 | 28,257 |
| Less: Allowance for Doubtful Loans | (926) | (1,374) |
| Net Notes Receivable | 42,199 | 77,274 |
| Less: Noncurrent Portion | (33,629) | (61,624) |
| **Notes Receivable, Current Portion** | **8,570** | **15,650** |
| | | |
| Other Receivables | 1,174 | 1,122 |
| **Other Receivables, Current Portion** | **$ 1,174** | **$ 1,122** |

## Note 4-Capital Assets (dollars in thousands)

| Capital Assets Activity | Balance July 1, 2020 | Additions | Retirements | Transfers | Balance June 30, 2021 |
|---|---|---|---|---|---|
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | $ 63,133 | $ 3,541 | $ - | $ 494 | $ 67,168 |
| Construction in Progress | 183,119 | 119,327 | - | (120,915) | 181,531 |
| Total Capital Assets, Not Being Depreciated | 246,252 | 122,868 | - | (120,421) | 248,699 |
| Capital Assets, Being Depreciated: | | | | | |
| Land Improvements | 99,492 | 2,102 | 1,706 | 883 | 100,771 |
| Infrastructure | 241,636 | 4,938 | 213 | 6,294 | 252,655 |
| Buildings | 3,872,309 | 193,523 | 1,070 | 113,155 | 4,177,917 |
| Equipment | 712,325 | 43,213 | 46,157 | 89 | 709,470 |
| Software | 84,095 | - | 8 | - | 84,087 |
| Total Capital Assets, Being Depreciated | 5,009,857 | 243,776 | 49,154 | 120,421 | 5,324,900 |
| Less Accumulated Depreciation: | | | | | |
| Land Improvements | 79,171 | 2,299 | 1,706 | - | 79,764 |
| Infrastructure | 96,575 | 10,576 | 213 | - | 106,938 |
| Buildings | 1,910,747 | 136,776 | 566 | - | 2,046,957 |
| Equipment | 458,951 | 43,755 | 43,050 | - | 459,656 |
| Software | 68,262 | 5,368 | 8 | - | 73,622 |
| Total Accumulated Depreciation | 2,613,706 | 198,774 | 45,543 | - | 2,766,937 |
| **Total Capital Assets, Net of Accumulated Depreciation** | **$ 2,642,403** | **$ 167,870** | **$ 3,611** | **$ -** | **$ 2,806,662** |

| Capital Assets Activity | Balance July 1, 2019 | Additions | Retirements | Transfers | Balance June 30, 2020 |
|---|---|---|---|---|---|
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | $ 58,678 | $ 4,801 | $ 346 | $ - | $ 63,133 |
| Construction in Progress | 136,991 | 117,193 | - | (71,065) | 183,119 |
| Total Capital Assets, Not Being Depreciated | 195,669 | 121,994 | 346 | (71,065) | 246,252 |
| Capital Assets, Being Depreciated: | | | | | |
| Land Improvements | 101,202 | 3,688 | 6,065 | 667 | 99,492 |
| Infrastructure | 226,285 | 9,058 | 397 | 6,690 | 241,636 |
| Buildings | 3,701,371 | 112,905 | 5,377 | 63,410 | 3,872,309 |
| Equipment | 675,836 | 63,240 | 27,049 | 298 | 712,325 |
| Software | 83,868 | 227 | - | - | 84,095 |
| Total Capital Assets, Being Depreciated | 4,788,562 | 189,118 | 38,888 | 71,065 | 5,009,857 |
| Less Accumulated Depreciation: | | | | | |
| Land Improvements | 82,633 | 2,578 | 6,040 | - | 79,171 |
| Infrastructure | 86,891 | 10,081 | 397 | - | 96,575 |
| Buildings | 1,790,310 | 125,368 | 4,931 | - | 1,910,747 |
| Equipment | 440,662 | 43,544 | 25,255 | - | 458,951 |
| Software | 62,899 | 5,363 | - | - | 68,262 |
| Total Accumulated Depreciation | 2,463,395 | 186,934 | 36,623 | - | 2,613,706 |
| **Total Capital Assets, Net of Accumulated Depreciation** | **$ 2,520,836** | **$ 124,178** | **$ 2,611** | **$ -** | **$ 2,642,403** |

During fiscal years 2021 and 2020, the University expensed $35,203,000 and $28,969,000, respectively, in interest costs related to the ownership of capital assets.

## Note 5 —Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following (dollars in thousands):

| | June 30, 2021 | | June 30, 2020 | |
|---|---|---|---|---|
| Construction Payables | $ | 19,582 | $ | 20,185 |
| Accrued Insurance Liabilities | | 23,855 | | 25,872 |
| Interest Payable | | 16,579 | | 18,462 |
| Accrued Salaries and Wages | | 13,796 | | 23,465 |
| Vendor and Other Payables | | 125,186 | | 113,690 |
| **Total Accounts Payable and Accrued Expenses** | **$** | **198,998** | **$** | **201,674** |

## Note 6 — Debt Related to Capital Assets

Debt liability activity is summarized below (dollars in thousands):

| Debt Related Liabilities | Balance July 1, 2020 | Increases | Decreases | Balance June 30, 2021 | Current Portion |
|---|---|---|---|---|---|
| Notes Payable | $ 4,930 | $ - | $ 4,930 | $ - | $ - |
| Leases Payable | 168,465 | 32,285 | 51,500 | 149,250 | 4,395 |
| Bonds Payable | | | | | |
| Student Facilities System Revenue Bonds | 304,065 | - | 32,420 | 271,645 | 78,020 |
| Student Fee Bonds | 502,030 | - | 35,030 | 467,000 | 30,160 |
| Total Bonds Payable | 806,095 | - | 67,450 | 738,645 | 108,180 |
| Availability Payments Payable | - | 149,158 | 331 | 148,827 | 380 |
| Net Unamortized Premiums and Costs | 93,305 | $ 10,025 | $ 12,424 | 90,906 | 12,662 |
| **Total Debt Related Liabilities** | **$ 1,072,795** | **$ 191,468** | **$ 136,635** | **$ 1,127,628** | **$ 125,617** |

| Debt Related Liabilities | Balance July 1, 2019 | Increases | Decreases | Balance June 30, 2020 | Current Portion |
|---|---|---|---|---|---|
| Notes Payable | $ 5,410 | $ - | $ 480 | $ 4,930 | $ 465 |
| Leases Payable | 214,937 | - | 46,472 | 168,465 | 43,306 |
| Bonds Payable | | | | | |
| Student Facilities System Revenue Bonds | 322,255 | - | 18,190 | 304,065 | 78,420 |
| Student Fee Bonds | 429,525 | 112,140 | 39,635 | 502,030 | 35,030 |
| Total Bonds Payable | 751,780 | 112,140 | 57,825 | 806,095 | 113,450 |
| Net Unamortized Premiums and Costs | 75,832 | 28,203 | 10,730 | 93,305 | 12,351 |
| **Total Debt Related Liabilities** | **$ 1,047,959** | **$ 140,343** | **$ 115,507** | **$ 1,072,795** | **$ 169,572** |

**Notes Payable.** As of June 30, 2021 and 2020, the balance of notes outstanding was approximately $-0- and $4,930,000, respectively, representing financing for various activities.

On November 15, 2015, the University entered into an agreement with Purdue Research Foundation (PRF) that transferred the Bowen Laboratory Facility property to the University in exchange for an agreement to pay the balance of the PRF debt attributable to the Bowen Lab. The initial balance was $7,070,000, and the balances at June 30, 2021 and 2020 were $-0- and $4,930,000, respectively. The interest rate for this agreement ranges between 3-4% as of June 30, 2021 and 2020. On June 30, 2021, the University paid the total remaining balance of the outstanding maturities attributable to Bowen Lab.

**Leases Payable**. Leases payable consisted of the following items (dollars in thousands):

| Issue | Issue Date | Original Issuance | Interest Rates | Final Maturity Date | Outstanding June 30, 2021 | Outstanding June 30, 2020 | Current Outstanding June 30, 2021 |
|---|---|---|---|---|---|---|---|
| Certificates of Participation with Ross-Ade: | | | | | | | |
| Series 2006 | 2006 | 70,345 | 5.25% | 2025 | 14,770 | 21,095 | - |
| Series 2011A | 2011 | 32,185 | 0.06%* | 2021 | - | 31,295 | - |
| Series 2016A | 2016 | 85,120 | 4.00-5.00% | 2037 | 73,875 | 81,675 | - |
| Series 2021A | 2021 | 29,935 | 5.00% | 2035 | 29,935 | - | - |
| Series 2021B | 2021 | 2,350 | 2.25% | 2032 | 2,350 | - | - |
| Direct Placement Certificates of Participation: | | | | | | | |
| Series 2014A | 2014 | 21,955 | 2.66% | 2027 | 16,365 | 18,180 | - |
| Leases with Purdue Research Foundation: | | | | | | | |
| Kaplan Commons | 2012 | 1,335 | 5.63% | 2022 | 126 | 246 | 126 |
| Child Care Facility | 2018 | 5,522 | 2.38%* | 2033 | 4,336 | 4,643 | 325 |
| NW Recreation Facility | 2018 | 4,924 | 2.38%* | 2031 | 3,845 | 4,125 | 296 |
| Other Leases: | | | | | | | |
| Cisco | 2018 | 23,458 | 2.52% | 2022 | 3,648 | 7,206 | 3,648 |
| | | | | | 149,250 | 168,465 | 4,395 |
| Net unamortized premiums and costs | | | | | 20,547 | 12,253 | 2,423 |
| **Total** | | | | | **$ 169,797** | **$ 180,718** | **$ 6,818** |

**Variable interest rates are reset periodically and are based upon market conditions. Rates shown are as of June 30, 2021, except Certificates of Participation Series 2011A is as of May 12, 2021.*

The Certificates of Participation (COPs) are secured by certain real estate and the projects located on that real estate, the lease payments to the Ross-Ade Foundation, and a pledge of available income, except student fees and state appropriations. The University has entered into a lease purchase arrangement whereby on the termination of the stated lease, title to the land and buildings will be conveyed absolutely to the Trustees of the University. At any time during the lease term, the University has the right to acquire the entire title to the facility by paying the Ross-Ade Foundation an amount equal to the then outstanding indebtedness. The Ross-Ade Foundation has created a reserve for valuation to reduce the carrying value of certain properties leased to the University in an amount not greater than the proceeds to be received if disposal was made to the University. During the fiscal years ended June 30, 2021 and 2020, the University included approximately $-0- and $31,295,000 in Current Liabilities related to variable rate Certificates of Participation (Series 2011A). Certificates of Participation Series 2011A was refunded by Certificates of Participation Series 2021A on May 12, 2021 eliminating all variable rate debt for Certificates of Participation.

Under the Certificates of Participation, assets are financed on a lease purchase basis under an Indenture between the Ross Ade Foundation and the Trustee for the Certificates. The Foundation assigns the right to receive lease rental payments received from the University to the Trustee. The Indenture constitutes a mortgage on the financed property for each series. All series are secured on a parity basis by all mortgages and all lease rental payments. The liens granted through the financings are to be maintained on each financed asset until all payments of principal, interest and fees are received by the Trustee. Other than permission to inspect the facilities, the Trustee receives no special rights to the facilities and maintains no financial covenants through the Indenture.

Terms of default include the failure to make scheduled payments of principal or interest, bankruptcy of the Ross-Ade Foundation and failure to cure lack of performance of covenants within stated time frames.

The Trustee can, under certain instances of University default, declare all principal and interest due and payable, subject to the right of at least 51% of the outstanding owners of the Certificates to annul the demand for payment if the default has been cured and all Trustee fees paid. Annual disclosures are required under SEC Rule 15c2-12 each year.

With the exception of COPS 2014A, the Certificates have been issued through public sales. The COPS 2014A were issued pursuant to the same terms and conditions as all other Certificates and were purchased by JPMorgan Chase Bank, N.A.

The University's lease rental payments are otherwise unsecured and are payable from all available funds of the University, as defined in the Indentures.

As of June 30, 2021 and 2020, leases payable included amounts relating to properties with a book value, net of accumulated depreciation, of approximately $210,006,000 and $218,220,000, respectively.

On May 12, 2021, the University issued Certificates of Participation, Series 2021A at par value of $29,935,000 and a premium of $10,025,000 to refund the portion of the outstanding principal that matures on July 1, 2021 for Certificates of Participation, Series 2006, 2014A, 2016A, and to refund in whole the Series 2011A outstanding principal amount of $31,295,000. The University also issued Taxable Certificates of Participation, Series 2021B at par value of $2,350,000 to fund the payment of interest due on July 1, 2021 for Certificates of Participation, Series 2006, 2014A and 2016A. The University estimates a reduction in its aggregate debt service payments over the life of the debt of approximately $4,760,000, due to the refunding.

On May 29, 2020, the University completed an optional call from the last scheduled maturity on the outstanding variable rate certificates series. The certificates called were Certificates of Participation, Series 2011A ($405,000, July 1, 2035).

On July 1, 2019, $34,865,450 of principal and interest was paid from funds held in trust by Trustee for the crossover refunding of Taxable Certificates of Participation, Series 2009B as provided in the issuance of Certificates of Participation, Series 2016A.

On June 15, 2016, the University issued Certificates of Participation, Series 2016A at par value of $85,120,000 and a premium of approximately $18,127,000 to fund the renovation and expansion of the Mollenkopf Football Performance Center at the West Lafayette campus, to pay for allowable construction period interest and costs of issuance, and to effect a cross-over refunding of a portion of Series 2009B effective July 1, 2019. Debt service on the Series 2016A refunding certificates due up to and including July 1, 2019 was paid from an irrevocable escrow held by the Escrow Trustee, Bank of New York Mellon. At the cross-over date, $34,130,000 was outstanding in Series 2009B and was called and paid for by the escrowed funds. The university estimates a reduction in its aggregate debt service payments over the life of the debt of approximately $2,579,000, due to the refunding. An economic loss (difference between the reacquisition cost and unamortized premium) of approximately $3,471,000 was created when the cross-over was effected on July 1, 2019 and will be amortized through 2031. For fiscal years, 2021 and 2020, the annual debt service of $-0- and $735,000, respectively, related to the crossover refunding was paid from securities held by the Escrow Trustee. Interest income earned on the escrowed securities during fiscal years 2021 and 2020 was approximately $-0- and $52,000, respectively.

In December 2017, the University entered into a lease with Cisco Systems Capital Corporation for approximately $23,458,000. The purpose of this agreement is for the campus lifecycle replacement of core network infrastructure.

In September 2017 and October 2017, the University entered into lease arrangements with Purdue Research Foundation. The arrangements are capital leases for the improvements to the North West Student Recreation Facility for $4,924,000 and for the Child Care Center Facility for $5,522,000.

On December 21, 2012 the University entered into a $1,335,000 lease agreement with Purdue Research Foundation for the real estate commonly known as Kaplan Commons near the Hammond campus. The lease was treated as a capital lease with a fair value of $1,000,000.

**Bonds Payable.** As of June 30, 2021 and 2020, the balance of bonds payable was approximately $809,004,000 and $887,147,000, respectively. Bonds payable consisted of the following issues (dollars in thousands):

| Issuance and Description | | Issue Date | Original Issuance | Interest Rates | Final Maturity Date | Total Outstanding June 30, 2021 | Total Outstanding June 30, 2020 | Current Outstanding June 30, 2021 |
|---|---|---|---|---|---|---|---|---|
| Student Facilities System Revenue Bonds: | | | | | | | | |
| Series 2004A | | | | | | | | |
| | Finance construction of Hammond student housing and parking garage facilities | 2004 | $ 28,100 | 0.02%* | 2033 | $ 15,860 | $ 16,145 | $ 15,860 |
| Series 2005A | | | | | | | | |
| | Finance construction and renovation of West Lafayette housing and food service facilities | 2005 | 24,200 | 0.01%* | 2029 | 5,755 | 5,855 | 5,755 |
| Series 2007A | | | | | | | | |
| | Refund a portion of Student Facilities System Revenue Bond Series 2003A and 2003B | 2007 | 61,865 | 5.25% | 2029 | 43,180 | 46,950 | 4,030 |
| Series 2007C | | | | | | | | |
| | Renovate a West Lafayette student housing facility, and finance construction on a new West Lafayette student housing facility | 2007 | 61,725 | 0.01%* | 2032 | 24,385 | 24,820 | 24,385 |
| Series 2010A | | | | | | | | |
| | Taxable Build America Bonds to finance the renovation of West Lafayette student housing facilities, and refund a portion of commercial paper | 2010 | 24,985 | | 2020 | - | 16,775 | - |
| Series 2011A | | | | | | | | |
| | Refund a portion of Student Facilities System Revenue Bond Series 2004A, 2005A, and 2007C | 2011 | 49,440 | 5.00% | 2021 | 20,615 | 24,640 | 20,615 |
| Series 2012A | | | | | | | | |
| | Finance construction for the West Lafayette student housing and parking facilities, and to refund a portion of Student Facilities System Revenue Bond Series 2003B and a portion of commercial paper | 2012 | 44,770 | 3.13-5.00% | 2032 | 19,180 | 20,350 | 1,230 |
| Series 2015A | | | | | | | | |
| | Finance a portion of construction of West Lafayette Honors College and Residence Hall, refund a portion of Series 2007B and of Series 2009A. | 2015 | 98,070 | 3.00-5.00% | 2040 | 87,765 | 90,505 | 2,875 |
| Series 2016A | | | | | | | | |
| | Finance construction for the West Lafayette Flex Lab Facility, refund portion of Series 2009A and Series 2009B. | 2016 | 67,470 | 3.00-5.00% | 2036 | 54,905 | 58,025 | 3,270 |
| | | | | | | 271,645 | 304,065 | 78,020 |
| Net unamortized premiums and costs | | | | | | 17,565 | 20,261 | 2,822 |
| **Total Student Facilities System Revenue Bonds** | | | | | | **$ 289,210** | **$ 324,326** | **$ 80,842** |

*Debt issuances are comprised of annual maturities, each of which may have a different interest rate. Table above reflects the rates in effect on 6/30/21.*

**Variable interest rates are reset weekly and are based upon market conditions. Rates shown are as of June 30, 2021.*

| Issuance and Description | | Issue Date | Original Issuance | Interest Rates | Final Maturity Date | Total Outstanding June 30, 2021 | Total Outstanding June 30, 2020 | Current Outstanding June 30, 2021 |
|---|---|---|---|---|---|---|---|---|
| Student Fee Bonds: | | | | | | | | |
| Series U | | | | | | | | |
| | Refund a portion of Student Fee Bond Series Q | 2005 | 35,200 | 5.25% | 2022 | 5,825 | 9,315 | 2,835 |
| Series Y | | | | | | | | - |
| | Refund Student Fee Bond Series S, T, and V | 2010 | 74,130 | | 2020 | - | 4,300 | - |
| Series Z-1 | | | | | | | | - |
| | Finance a portion of construction of West Lafayette Student Fitness and Wellness Center, Fort Wayne Parking Garage, and West Lafayette Repair & Rehabilitation projects and refund Student Fee Bond Series H, K, L, O, a portion of Series R and a portion of commercial paper | 2010 | 68,320 | | 2020 | - | 4,280 | - |
| Series Z-2 | | | | | | | | |
| | Taxable Build America Bonds to finance a portion of construction of West Lafayette Student Fitness and Wellness Center, Fort Wayne Parking Garage, and West Lafayette Repair & Rehabilitation projects | 2010 | 100,705 | 3.59-5.33% | 2035 | 77,690 | 81,680 | 4,075 |
| Series AA | | | | | | | | |
| | Finance a portion of construction of West Lafayette Student Fitness and Wellness Center, Health and Human Sciences Facility, West Lafayette Repair & Rehabilitation projects and Westville Student Services and Activities complex | 2012 | 54,555 | 3.25-5.00% | 2032 | 38,560 | 40,880 | 2,425 |
| Series BB1 | | | | | | | | |
| | Finance a portion of construction of Westville Student Services and Activities Complex, Repair & Rehabilitation projects on the West Lafayette campus, refund energy improvement projects on all campuses originally financed with tax-exempt commercial paper and partially refund Series W. | 2015 | 48,630 | 3.00-5.00% | 2034 | 27,345 | 30,810 | 3,045 |
| Series BB2 | | | | | | | | |
| | Taxable debt for reallocation of Drug Discovery from tax-exempt Series AA | 2015 | 18,985 | 2.65-3.81% | 2032 | 13,420 | 14,335 | 940 |
| Series CC | | | | | | | | |
| | Finance construction of West Lafayette Agriculture & Life Sciences Facility and partially refund Series X and Series Y | 2016 | 121,885 | 3.00-5.00% | 2036 | 112,480 | 118,880 | 11,055 |
| Series DD | | | | | | | | |
| | Finance renovation and construction of Agricultural and Biological Engineering building and construction of BioScience Innovation building | 2018 | 90,135 | 5.00% | 2038 | 82,615 | 85,410 | 2,935 |
| Series EE | | | | | | | | |
| | Finance construction of Engineering and Polytechnic Gateway building and Veterinary Medical Teaching Hospital; refund of Z-1 maturities beyond 2020 | 2020 | 112,140 | 5.00% | 2037 | 109,065 | 112,140 | 2,850 |
| | | | | | | 467,000 | 502,030 | 30,160 |
| Net unamortized premiums and costs | | | | | | 52,794 | 60,791 | 7,417 |
| **Total Student Fee Bonds** | | | | | | **$ 519,794** | **$ 562,821** | **$ 37,577** |

*Debt issuances are comprised of annual maturities, each of which may have a different interest rate. Table above reflects the rates in effect on 6/30/21.*

The University has two separate indentures for capital asset financing through bonds based on statutory distinctions for the pledge supporting the debt service.

Student Fee Bonds

Under State statutes, the pledge supporting the Student Fee Bonds is the student tuition and general fees received by the University and qualified swap receipts and proceeds thereof, as defined. There are no outstanding qualified swaps. Annual disclosures are required under SEC Rule 15c2-12 each year.

Terms of default include the failure to make scheduled payments of principal or interest, or a budget that does not cover annual debt service at least one (1) time. The University and the Trustee can enter into a supplemental indenture to release specific student fees from the definition of student fees if actual student fees received by the University during the preceding fiscal year, less those student fees to be removed from the definition and from the lien of the Indenture, are equal to or greater than two (2) times the maximum annual debt service, as defined, to become due in that or any succeeding fiscal year for the payment of principal and interest on Student Fee Bonds then outstanding. The University is obligated to maintain the continued tax status of all Student Fee Bonds, provide for audited financial statements and continue operations of the University.

The Trustee may undertake any remedy available by suit or suits at law or equity, and can accelerate the payment of principal and interest on the Student Fee Bonds if there is a default on any junior lien obligations.

All Student Fee Bonds outstanding have been issued through public sales.

Student Facilities System Revenue Bonds

Under State statues, the pledge for the Student Facilities System Revenue Bonds is the net income (as defined) of certain facilities as well as amounts held in the project fund (as defined), including investment income thereon. The Trustee has a secured interest in the pledged revenues, as defined, for payment of principal and interest. Annual disclosures are required under SEC Rule 15c2-12 each year.

While student fees and state appropriations are unavailable to meet debt service on these obligations, all other available funds (as defined) are available for debt service.

Failure to make scheduled payments of principal or interest would constitute a default which allows the Trustee to pursue legal remedies, as available, including appointment of a receiver for the pledged revenues. The University is obligated to maintain the continued tax status of all Student Facilities System Revenue Bonds, provide for audited financial statements and continue operations of the University, among other routine operating considerations.

All Student Facilities System Revenue Bonds outstanding have been issued through public sales, including the weekly remarketed variable rate Series 2004A, 2005A and 2007C.

As of June 30, 2021 and 2020, the University had $46,000,000 and $46,820,000 included in Current Liabilities related to variable rate Student Facility System Revenue demand bonds (Series 2004A, Series 2005A, and Series 2007C). These bonds are backed by certain auxiliary revenues and other available funds, with serial maturities July 1, 2025 through July 1, 2033. The bonds were issued under Indiana Code IC 21-34 and IC 21-35. The proceeds of the bonds were used to provide funds for certain capital improvements, refund certain interim financing, provide for construction period interest for a portion of the bonds, and pay costs incurred to issue the bonds.

The University may direct a change in the type of interest rate borne by the variable rate debt, in whole or in part, at any time from the weekly rate to a rate determined pursuant to one of six additional interest rate modes: a daily rate, a monthly rate, a quarterly rate, a semiannual rate, or a term rate (each an "adjustable rate"), or a fixed rate in accordance with the procedures provided in the indenture. However, if the debt is converted in whole or in part to a fixed rate, the interest rate on the debt so converted may not be subsequently changed to an adjustable rate.

The variable rate bonds are subject to purchase on the demand of the holder, a "put," at a price equal to principal plus accrued interest on seven days' notice and delivery to the University's remarketing agent. The remarketing agent is authorized to use its best efforts to sell these bonds at a price equal to 100 percent of the principal amount by adjusting the interest rate.

The University is provided a 24-hour notice if the remarketing agent is unable to resell any debt that is put to the University. In such a case, the University is required to provide the funds to satisfy the repurchase of the debt at 100% par value, plus interest accrued to the settlement date of the put. The University has chosen to provide self-liquidity in the event of a put from any holder of these variable rate bonds. Therefore, these variable rate bonds are classified as current liabilities.

The Series 2010A and Series Z-2 bonds participate in the Build America Bonds program. Prior to March 1, 2013, the University received semi-annual federal credit payments equal to 35% of actual interest expense incurred on the outstanding principal balance of the bonds. Certain annual reductions began on March 1, 2013. The reduction rate was 5.7% from October 1, 2020 to September 30, 2021 and 5.9% from October 1, 2019 to September 30, 2020.

On June 1, 2021, notice was provided to bondholders by the University's trustee, the Bank of New York Mellon, of the full redemption on July 1, 2021 of the outstanding maturities of Student Facilities System Revenue Bonds, Series 2011A, in the total amount of $16,420,000 for the annual maturities for each July 1 of 2022 through 2025.

On June 1, 2020, notice was provided to bondholders by the University's trustee, the Bank of New York Mellon, of the full redemption on July 1, 2020 of the outstanding maturities of Student Facilities System Revenue Bonds, Series 2010A, in the total amount of $15,490,000 for the annual maturities for each July 1 of 2021 through 2030.

On May 29, 2020, the University completed an optional call from the last scheduled maturity on each of the outstanding variable rate bond series. The bonds called were: Student Facilities System Revenue Bonds. Series 2004A ($200,000, July 1, 2033); Student Facilities System Revenue Bonds, Series 2005A ($75,000, July 1, 2029); and Student Facilities System Revenue Bonds, Series 2007C ($315,000, July 1, 2032).

On May 27, 2020, the University issued Student Fee Bonds, Series EE at par value of $112,140,000 and a premium of approximately $28,203,000 to partially fund the construction of the Engineering and Polytechnic Gateway and the Veterinary Medicine Teaching Hospital, new facilities on the West Lafayette campus, to refund a portion of Student Fee Bonds, Series Z-1 in the amount of $6,660,000 on July 1, 2020, and to pay for allowable costs of issuance. As a result of the refunding, the University anticipates a reduction of debt service payments over the life of the debt of $273,112.50. The refunding resulted in an economic loss (difference between the reacquisition cost and unamortized premium) of $167,000 through 2024 over the term of the refunding bonds.

**Availability Payments Payable.** Plenary Properties Purdue, LLC was selected for a public-private partnership to construct two new residence halls on the West Lafayette campus. The two residence halls accommodate approximately 1,300 beds through the term of the project, which ends in June 2083. Monthly availability payments from this agreement include payments for the capital investment and payments for ongoing operation and maintenance. The two residence halls opened in August 2020, at which time the availability payments started. The capital element of the availability payment was recognized at a net present value of $149,158,000 as current and long-term liabilities and capital assets for the two residence halls.

**Scheduled payments.** Debt scheduled payments for capital assets for the fiscal years ending June 30 are as follows (dollars in thousands):

| | All Debt except Direct Borrowings | | | Direct Borrowings | | |
|---|---|---|---|---|---|---|
| **Fiscal Year** | **Principal** | **Interest** | **Total** | **Principal** | **Interest** | **Total** |
| 2022 | 62,180 | 35,044 | 97,224 | 4,775 | 7,953 | 12,728 |
| 2023 | 54,620 | 34,985 | 89,605 | 1,974 | 8,025 | 9,999 |
| 2024 | 54,155 | 32,453 | 86,608 | 2,034 | 7,965 | 9,999 |
| 2025 | 55,565 | 29,890 | 85,455 | 2,101 | 7,902 | 10,003 |
| 2026 | 60,925 | 27,259 | 88,184 | 2,164 | 7,837 | 10,001 |
| 2027-2031 | 286,430 | 95,295 | 381,725 | 19,336 | 37,200 | 56,536 |
| 2032-2036 | 224,990 | 38,728 | 263,718 | 4,131 | 35,711 | 39,842 |
| 2037-2041 | 60,710 | 4,261 | 64,971 | 4,363 | 34,743 | 39,106 |
| Thereafter | - | - | - | 136,269 | 192,218 | 328,487 |
| | 859,575 | 297,915 | 1,157,490 | 177,147 | 339,554 | 516,701 |
| Net unamortized premiums and costs | 90,906 | - | 90,906 | - | - | - |
| | $ 950,481 | $ 297,915 | $ 1,248,396 | $ 177,147 | $ 339,554 | $ 516,701 |

As of June 30, 2021 and 2020, the Deferred Outflows of Resources for debt refunding was $18,206,000 and $20,456,000, respectively.

**Lines of Credit**

The University does not use lines of credit.

**Defeased Bond Issues.** The University defeases bonds by prepayment or issuing new debt. The University's defeased debt is shown below (dollars in thousands). US Treasury obligations have been purchased in amounts sufficient to pay principal and interest payments when due through call date, and with the exception of Student Fee Bonds, Series Z1, have been deposited in irrevocable trusts with the Trustee. Neither the defeased bonds nor the related trusts are reflected in the accompanying financial statements.

Bond proceeds from the new Series EE in the amount of $6,660,000 and associated interest of $165,025 from the University were prepaid to the Trustee at the May 27, 2020 closing for SFB Series EE, allowing for defeasement of all Z-1 remaining obligations in conjunction with the scheduled principal and interest payments on July 1, 2020.

| Description of Bonds | Final Maturity/ Call Date | Amount Outstanding | |
|---|---|---|---|
| | | June 30, 2021 | June 30, 2020 |
| Student Fee Bonds: | | | |
| Student Fee Bonds, Series Y | 7/1/2020 | - | 35,380 |
| Student Fee Bonds, Series Z1 | 7/1/2020 | - | 6,660 |

**Operating Leases.** The University has entered into various operating leases for facilities. The scheduled payments related to these operating leases for the fiscal years ending June 30 are as follows (dollars in thousands):

| Fiscal Year | Lease Payments | |
|---|---|---|
| 2022 | $ | 12,863 |
| 2023 | | 6,468 |
| 2024 | | 5,515 |
| 2025 | | 4,139 |
| 2026 | | 2,617 |
| **Total Future Minimum Payments** | **$** | **31,602** |

## Note 7— Other Debt Information

Other debt information is summarized below (dollars in thousands):

| Liabilities | Balance July 1, 2020 | Increases | Decreases | Balance June 30, 2021 | Current Portion |
|---|---|---|---|---|---|
| Accrued Compensated Absences | $ 74,647 | $ 26,798 | $ 27,508 | $ 73,937 | $ 28,972 |
| Other Post Employment Benefits | 33,357 | 3,077 | 1,674 | 34,760 | 2,715 |
| Net Pension Liability | 55,779 | - | 6,017 | 49,762 | - |
| Other Noncurrent Liabilities | 43,998 | 25,022 | 17,988 | 51,032 | - |
| Advances from Federal Government | 8,518 | - | 3,622 | 4,896 | - |
| **Total** | **$ 216,299** | **$ 54,897** | **$ 56,809** | **$ 214,387** | **$ 31,687** |

| Liabilities | Balance July 1, 2019 | Increases | Decreases | Balance June 30, 2020 | Current Portion |
|---|---|---|---|---|---|
| Accrued Compensated Absences | $ 71,668 | $ 31,729 | $ 28,750 | 74,647 | $ 29,067 |
| Other Post Employment Benefits | 43,457 | 3,676 | 13,776 | 33,357 | 2,897 |
| Net Pension Liability | 58,681 | - | 2,902 | 55,779 | - |
| Other Noncurrent Liabilities | 23,266 | 21,215 | 483 | 43,998 | - |
| Advances from Federal Government | 15,211 | 315 | 7,008 | 8,518 | - |
| **Total** | **$ 212,283** | **$ 56,935** | **$ 52,919** | **$ 216,299** | **$ 31,964** |

**Other Post-Employment Benefits (OPEB).** Purdue University administers a single-employer OPEB plan, known as the Pre-65 Retiree Health Plan, used to provide postemployment benefits other than pensions for official retirees who were formerly permanent full-time general employees. Plan authority is outlined in Purdue HR Policy VI.A.1, and governed by the Purdue University Board of Trustees. Assets for payment of benefits related to this plan are not accumulated in a trust that meets the criteria of GASB Statement No. 75, paragraph 4.

The University offers medical insurance for official retirees and their dependents. Participants may continue to receive benefits until they reach the age of 65. As of July 1, 2014, separating employees who are 55 or older, and have at least 10 years of service are eligible for official retirement status. Prior to July 1, 2014, the official retirement policy was retirees who are age 55 or older, whose age and years of service are equal to or greater than 70 and have at least 10 years of service. Official retirees under the age of 65 and their dependents are given the option to continue their medical insurance if they pay the entire cost of the blended medical plan rate, which includes both active employees and early retirees. Early retirees enjoy the benefit of a lower insurance cost due to continued participation in the University plan, which creates an implicit rate subsidy.

Purdue also offers a long-term disability program providing income continuation payments. Based on date of disability, some additional benefits may be extended. Prior to January 1, 2013, the program included retirement benefit payments, and medical and life insurance premium payments for a small required premium paid by the employee. Those who were participating in the program at that date continue to receive the benefits until they reach the age of 65. Individuals with a date of disability beginning January 1, 2013 or after, may continue medical benefits at the existing employee premiums until the employee becomes eligible for Medicare, or for a maximum of three years after the employee becomes disabled, whichever comes first. All future and existing disability income benefit liability is fully insured through an insurance carrier.

For the fiscal years ended June 30, 2021 and 2020, the actuarial valuation used census data at July 1, 2019:

| | |
|---|---|
| Retired members or beneficiaries currently receiving benefits | 302 |
| Disabled members currently receiving benefits | 89 |
| Active members | 12,544 |
| **Total** | **12,935** |

Purdue's total OPEB liabilities of approximately $34,760,000 as of June 30, 2021 and $33,357,000 as of June 30, 2020 were determined with measurement/experience dates of July 1, 2020 and July 1, 2019, using an actuarial valuation as of July 1, 2019 done in accordance with GASB Statement No. 75. The total OPEB liabilities in the June 30, 2020 and 2019 actuarial reports were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Actuarial assumptions: | |
| Inflation | 2.50% |
| Projected salary increases | 3.00% |
| Discount rate | 2.21% as of July 1, 2020; 3.50% as of July 1, 2019, based on the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. |
| Health care cost trend rate: | |
| Medical & Prescription Drug | 7.00% graded to 4.5% over 10 years as of July 1, 2020; 7.25% graded to 4.5% over 11 years as of July 1, 2019 |
| Vision | 3.00% |
| Administrative Costs | 3.00% |
| Mortality Rates | As prescribed under IRS Regulations 1.431 (c )(6)-1 and 1.430(h)(3)-1, using static tables with separate tables for annuitants and nonannuitants (RP-2000 tables projected forward to the valuation year plus 7 years for annuitants and 15 years for nonannuitants) |

Because Purdue University is not prefunding the OPEB benefits, the discount rates used in the valuation for financial disclosure purposes are based on the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Changes in the Total OPEB Liability (dollars in thousands):**

**For the years ended June 30,**

| | | 2021 | | 2020 |
|---|---|---|---|---|
| **Beginning Balance** | $ | **33,357** | $ | **43,457** |
| Changes for Year: | | | | |
| Service Cost | | 1,927 | | 2,023 |
| Interest | | 1,150 | | 1,653 |
| Change in benefit terms | | - | | (755) |
| Differences between expected and actual experience | | 634 | | (2,219) |
| Changes of assumptions | | 2,571 | | (5,252) |
| Benefit payments, including refunds of member contributions | | (4,879) | | (5,550) |
| Net Change in Total OPEB Liability | | 1,403 | | (10,100) |
| **Ending Balance** | $ | **34,760** | $ | **33,357** |

Changes of assumptions reflect a decrease in the discount rate from 3.50% to 2.21% as of June 30, 2021 and a decrease from 3.87% to 3.50% as of June 30, 2020. The June 30, 2021 assumption changes reflected the potential excise tax on plans that exceed certain cost thresholds which was repealed on December 20, 2019. The June 30, 2020 assumptions reflected the valuation-year per capita health costs and future trend on such costs, updates to the retiree contribution rates to current levels and the assumed future disability and mortality rates were modified.

**Sensitivity Analysis:**

OPEB liability is sensitive to both changes in the discount rate and the healthcare cost trend rates. The following presents the Total OPEB Liability of the University as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate as of June 30, 2021 and June 30, 2020. Also shown is the amount the Total OPEB Liability would be if it were calculated using healthcare cost trend rates that were 1 percentage point lower or 1 percentage point higher than the current healthcare trend rates.

**Discount Rate Sensitivity**

Total OPEB Liability as of June 30, 2021

| 1% Decrease (1.21%) | Current (2.21%) | 1% Increase (3.21%) |
|---|---|---|
| $ 37,112,095 | $ 34,759,696 | $ 32,595,306 |

Total OPEB Liability as of June 30, 2020

| 1% Decrease (2.5%) | Current (3.5%) | 1% Increase (4.5%) |
|---|---|---|
| $ 35,504,058 | $ 33,356,895 | $ 31,395,851 |

**Healthcare Cost Trend Rate Sensitivity**

Total OPEB Liability as of June 30, 2021

| 1% Decrease | Current | 1% Increase |
|---|---|---|
| $ 31,802,602 | $ 34,759,696 | $ 38,192,361 |

Total OPEB Liability as of June 30, 2020

| 1% Decrease | Current | 1% Increase |
|---|---|---|
| $ 30,820,169 | $ 33,356,895 | $ 36,281,173 |

**OPEB Expense and Deferred Inflows of Resources related to OPEB:**

For the year ended June 30, 2021 and 2020, the University recognized OPEB expense of approximately $2,179,000 and $1,611,000, respectively. At June 30, 2021 and 2020, the University reported Deferred Inflows of Resources related to the Change of Assumptions in the amount of approximately $6,894,000 and $8,205,000, respectively, related to the Changes of Assumptions. At June 30, 2021 and 2020, the University reported Deferred Outflows of Resources in the amount of approximately $5,507,000 and $2,897,000, respectively, including $2,715,000 and $2,897,000 related to payments made beyond the measurement dates of July 1, 2020 and 2019.

Amounts reported as deferred inflows of resources related to OPEB will be recognized in future years' OPEB expense as follows (dollars in thousands):

| Total Year Ended June 30, | |
|---|---|
| 2022 | $ (898) |
| 2023 | (898) |
| 2024 | (898) |
| 2025 | (793) |
| 2026 | (604) |
| Thereafter | (10) |
| Total | $ (4,101) |

## Note 8 - Operating Expenses by Function

Operating expenses by functional classification are summarized as follows (dollars in thousands):

**June 30, 2021**

| Function | Compensation & Benefits | Supplies and Services | Depreciation | Scholarships, Fellowships & Student Awards | Total |
|---|---|---|---|---|---|
| Instruction | $ 731,661 | $ 82,652 | $ - | $ - | $ 814,313 |
| Research | 197,338 | 95,357 | - | - | 292,695 |
| Extension and Public Service | 104,576 | 32,367 | - | - | 136,943 |
| Academic Support | 106,672 | 56,676 | - | - | 163,348 |
| Student Services | 132,966 | 48,795 | - | - | 181,761 |
| General Administration and Institutional Support | 166,339 | 231,359 | - | - | 397,698 |
| Physical Plant Operations and Maintenance | 86,437 | 45,017 | - | - | 131,454 |
| Depreciation | - | - | 198,774 | - | 198,774 |
| Student Aid | - | - | - | 98,585 | 98,585 |
| Auxiliary Enterprises | 75,176 | 104,163 | - | - | 179,339 |
| **Total** | **$ 1,601,165** | **$ 696,386** | **$ 198,774** | **$ 98,585** | **$ 2,594,910** |

**June 30, 2020**

| Function | Compensation & Benefits | Supplies and Services | Depreciation | Scholarships, Fellowships & Student Awards | Total |
|---|---|---|---|---|---|
| Instruction | $ 752,756 | $ 100,698 | $ - | $ - | $ 853,454 |
| Research | 200,582 | 94,697 | - | - | 295,279 |
| Extension and Public Service | 104,989 | 41,357 | - | - | 146,346 |
| Academic Support | 106,046 | 68,099 | - | - | 174,145 |
| Student Services | 138,960 | 31,222 | - | - | 170,182 |
| General Administration and Institutional Support | 168,128 | 200,746 | - | - | 368,874 |
| Physical Plant Operations and Maintenance | 83,960 | 56,783 | - | - | 140,743 |
| Depreciation | - | - | 186,934 | - | 186,934 |
| Student Aid | - | - | - | 62,240 | 62,240 |
| Auxiliary Enterprises | 99,689 | 100,287 | - | - | 199,976 |
| **Total** | **$ 1,655,110** | **$ 693,889** | **$ 186,934** | **$ 62,240** | **$ 2,598,173** |

## Note 9 — Retirement Plans

**Authorization.** Authorization to establish retirement plans is stated in Indiana Code IC 21-38-7.

**All Employees.** University employees are participants in various retirement programs, including the Federal Insurance Contributions Act (FICA). During the years ended June 30, 2021 and 2020, the University's contribution to FICA was approximately $67,449,000 and $68,232,000, respectively. The University has adopted a CARES Act provision enabling the University to retain the employer's share of FICA tax from April 22, 2020 until December 31, 2020, remitting 50% of the tax by December 31, 2021 and 50% of the tax by December 31, 2022. As of June 30, 2021 and 2020, $35,977,000 and $12,171,000 respectively has been retained under this provision, and is included in the accounts payable and other noncurrent liabilities.

**Defined Contribution Plans.** Certain employees of the University participate in defined contribution plans. Benefit provisions are established and/or amended by the Trustees. University defined contribution plans are all administered through Fidelity Investments. Plan contributions are made at the time the associated payroll is issued, so there is not a significant outstanding liability at June 30, 2021 or 2020.

**Faculty and Administrative/Professional Staff.** Faculty, professional, and certain administrative employees of the University participate in the exempt employees' defined contribution plans. Faculty and management personnel participate immediately upon employment; others must satisfy a three-year waiting period. Effective January 1, 2011, the University contributes 10% of each participating employee's salary to the Purdue University 403(b) defined contribution retirement plan. Employee contributions are not required but may be made on a voluntary basis to the Purdue University 403(b) voluntary tax-deferred annuity plan and/or the Purdue University 457(b) deferred compensation plan. Those eligible to participate in the defined contribution plan also participate in the Purdue University 401(a) Profit Sharing Plan. This plan requires a mandatory employee contribution of 4% of their salary. Funds in all exempt employees defined contribution plans are immediately vested, so no forfeitures exist in these plans.

For the years ended June 30, 2021 and 2020, there were 7,602 and 7,553 employees, respectively, participating in the plans with annual pay equal to approximately $719,180,000 and $712,361,000, respectively. For the years ended June 30, 2021 and 2020, the University made contributions totaling approximately $67,882,000 and $67,846,000, respectively, to these plans.

**Clerical, Service, and Operations/Technical Assistants.** Clerical, service, and operations/technical assistants hired on or after September 9, 2013 and employed at least half-time participate in the non-exempt employees' defined contribution plan. Benefits-eligible employees in this category participate immediately upon date of employment. The University provides a base contribution of 4% of the participating employee's salary each pay period to the Purdue University 403(b) defined contribution retirement plan. This plan has a three year vesting period for this employee group, and there is not a material forfeiture balance at this time. Employee contributions are not required but may be made on a voluntary basis to the Purdue University 403(b) voluntary tax-deferred annuity plan. The University will match voluntary employee pre-tax contributions up to 4% of earnings each pay period. Employees may also contribute voluntarily to the Purdue University 457(b) Deferred Compensation Plan, but these contributions are not matched.

For the years ended June 30, 2021 and 2020, there were 2,707 and 2,547 employees, respectively, participating in the plan with annual pay equal to approximately $73,570,000 and $66,033,000, respectively. For the year ended June 30, 2021 and 2020, the University made base contributions totaling approximately $2,578,000 and $2,509,000, respectively, and matching contributions totaling approximately $2,113,000 and $2,170,000, respectively, to the plan.

**Purdue University Global Defined Contribution Plans.** The University has two defined contribution plans, administered through Fidelity Investments in which all full time eligible employees may participate. Benefit provisions are established and/or amended by the Trustees. Plan contributions are typically made at the time the associated payroll is issued, so there is not a significant outstanding liability at June 30, 2021 or June 30, 2020.

All full-time eligible employees of the University may participate in the Purdue University Global, Inc. 457(b) Deferred Compensation Plan immediately upon employment. Enrollment is automatic at the date of employment or re-employment by operation of a default elective deferral. The default elective deferral rate begins at 6% of eligible compensation, and increases annually by 1% until it reaches a maximum of 10%. Contributions are not mandatory, and employees have the option to make a Contrary Election not to defer any compensation, or to defer a percentage of compensation, which is more or less than the default elective deferral amount, up to the maximum allowed. In addition, employees who are not full time eligible employees may elect to participate in the plan by completing a deferred compensation agreement. All funds in this plan are immediately vested, so forfeitures do not exist. For the period ended June 30, 2021 and 2020, there were 1,036 and 1,041 employees participating in the 457(b) plan with pay equal to approximately $48.9 and $41.6 million, respectively.  For the periods ended June 30, 2021 and 2020, employees contributed $5.2 million and $4.8 million, respectively.

In 2018, the Plan's board implemented a trust to hold the assets of the Plan in accordance with Internal Revenue Code Section 457. The Plan assets are the property of the trust, which holds the assets on behalf of the participants. Therefore, in accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the assets of this Plan are not reported in the accompanying financial statements.

Likewise, all employees except interns, temporary, vacation relief, or call-in employees participate in the Purdue University Global, Inc. 403(b) Defined Contribution Retirement Savings Plan immediately upon commencement of employment. This plan features a non-elective employer contribution of 3% of participant's compensation. It also provides an employer matching contribution of 100% of elective deferrals up to 4% of compensation made to the Purdue University Global, Inc. 457(b) Deferred Compensation Plan. Three-year cliff vesting is in effect for the contributions in this plan. For the period ended June 30, 2021 and 2020, there were 2,142 and 2,047 employees participating in the 403(b) plan with pay equal to approximately $63.9 and $56.0 million. For the period ended June 30, 2021 and 2020 the University made contributions totaling $3.7 and $3.6 million to the plan.

**Defined Benefit Plans.** Certain employees of the University participate in defined benefit plans administered by other agencies. Actuarial information related to the University's portion of these plans are disclosed in the Required Supplementary Information (RSI) at the back of the Financial Report.

**PERF Hybrid.** Regular clerical and service staff employed at least half-time and hired on or prior to September 8, 2013, participate in the Public Employees Retirement Fund (PERF) Hybrid Plan, a retirement program administered by Indiana Public Retirement System (INPRS), an agency of the state of Indiana.

PERF Hybrid was established to provide retirement benefits to plan members and beneficiaries. Benefit provisions are established and/or amended by the State of Indiana.

The PERF Hybrid retirement benefit consists of the sum of PERF DB, a defined pension provided by employer contributions, plus PERF DC the amount credited to the member's defined contribution account. Employees were eligible to participate in this plan immediately upon employment.

PERF DB is a cost-sharing, multiple employer defined benefit fund providing retirement, disability and survivor benefits to eligible employees participating in the fund. Administration of the fund is generally in accordance with IC 5-10.2, 5-10.3, 5-10.5, 35 IAC 1.2, and other Indiana pension law. PERF DB is a component of the Public Employees' Hybrid plan (PERF Hybrid).

Eligibility for Pension Benefit Payments under the PERF DB plan are as follows:

Full Retirement Benefit:

- At age 65 with at least 10 years of creditable service
- At age 60 with at least 15 years of creditable service
- At age 55 if age and creditable service total at least 85
- At age 70 with 20 years of creditable service and still active in the PERF-covered position

Calculation of Lifetime Annual Benefit = Years of Creditable Service x Average Highest Five-Year Annual Salary x 1.1% (minimum of $180/month). Average annual compensation is outlined in IC 5-10.2-4-3 and includes compensation of not more than $2,000 received from the employer in severance.

Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12.4 and administered by the Board.

PERF DC is a multiple-employer defined contribution fund providing retirement benefits to eligible employees participating in the fund. Administration of the account is generally in accordance with IC 5-10.2, 5-10.3, 35 IAC 1.2, and other Indiana pension law. PERF DC is also a component of the Public Employees' Hybrid plan (PERF Hybrid).

Retirement and Termination Benefit under PERF DC:

Members are entitled to the sum total of vested contributions plus earnings 30 days after separation from employment (retirement, termination, disability, or death). The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan, or a monthly annuity (in accordance with INPRS requirements). PERF DC members are 100% vested in their account balance.

The required contributions to the PERF Hybrid plan are determined by INPRS Board of Trustees based on an actuarial valuation. For the years ended June 30, 2021 and 2020, the University was required to contribute 11.2% of the employee's salary to the PERF DB plan. The employee contribution to the PERF DC plan in the amount of 3% of the employee's salary is being made by the University on behalf of the employee.

The financial statements of INPRS, including PERF Hybrid, have been prepared using the accrual basis of accounting in conformity with generally accepted accounting principles as applied to government units. Oversight of INPRS' assets is the responsibility of the INPRS Board of Trustees. Indiana law requires the Board to establish investment guidelines and limits on all types of investments and take other actions necessary to fulfill its duty as a fiduciary for all assets under its control. Both pooled and non-pooled investments are reported at fair value. Benefits are recognized when due and payable to members or other beneficiaries. Benefits are paid once the retirement or survivor applications have been processed and approved. INPRS issues a publicly available financial report that includes financial statements, notes, and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing to: Indiana Public Retirement System, One North Capitol Ave., Suite 001, Indianapolis, IN 46204; or by visiting www.in.gov/inprs/annualreports.htm.

For the years ended June 30, 2021 and 2020, there were 1,859 and 2,095 employees, respectively, participating in PERF Hybrid. The University's proportionate share of PERF Hybrid's Net Pension Liability, based on covered payroll of approximately $88,943,000 was 1.65% for the measurement date June 30, 2020, which was the date used for this financial report. The proportionate share of the Net Pension Liability as calculated by INPRS under GASB 68 guidance was approximately $49,762,000 and $55,779,000 as of June 30, 2021 and 2020. The proportionate share of 1.65% is a decrease of .04 percentage points from the measurement date of June 30, 2019 of 1.69%. The June 30, 2019 value was a decrease of .04 percentage points from the proportionate share from the measurement date of June 30, 2018 of 1.73%.

The University made contributions to the plan totaling approximately $10,020,000 and $11,426,000 for the years ending June 30, 2021 and 2020, respectively. The amount of contribution made after the measurement date, which is shown as a deferred outflow was approximately $7,892,000 and $9,000,000 for the years ended June 30, 2021 and 2020, respectively. The proportionate shares of pension plan expense for the years ended June 30, 2021 and 2020 as calculated under GASB 68 guidance were approximately $4,008,000 and $8,828,000, less net amortization of deferred amounts of approximately $1,178,000 and $472,000, leaving a net pension expense of approximately $2,830,000 and $8,356,000.

Actuarial calculations reflect a long-term perspective and the significant assumptions used in the actuarial valuation to calculate the total pension liability follow.

| | 2021 | 2020 |
|---|---|---|
| Asset Valuation Date | June 30, 2020 | June 30, 2019 |
| Liability Valuation Date * | June 30, 2019 | June 30, 2018 |
| Actuarial Amortization Method | 20 years, closed | 30 years, closed |
| Actuarial Amoriztion Period | Level Dollar | Level Dollar |
| Actuarial Cost Method | Entry Age Normal (Level Percent of Payroll) | |
| Employer Required Contribution | Asset Smoothing Method | |
| Actuarial Assumptions: | | |
| Investment Rate of Return | 6.75% | 6.75% |
| Inflation Rate | 2.25% | 2.25% |
| Projected Salary Increases | 2.75%-8.75% | 2.50%-4.25% |
| Cost of Living Adjustments | 1% | 1% |

*With standard actuarial roll forward techniques used to project the total pension liability at June 30.

Mortality rates for June 30, 2021 were based on the Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. Mortality rates for June 30, 2020 were based on the 2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006.

The long-term return expectation has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established and the long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

ASSET CLASS TABLE:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | | Geometric Basis | | Geometric Basis |
| | Target Asset Allocation | Long-Term Expected Real Rate of Return | Target Asset Allocation | Long-Term Expected Real Rate of Return |
| Public Equity | 22.0% | 4.4% | 22.0% | 4.9% |
| Private Markets | 14.0% | 7.6% | 14.0% | 7.0% |
| Fixed Income - Ex Inflation-Linked | 20.0% | 1.9% | 20.0% | 2.5% |
| Fixed Income - Inflation-Linked | 7.0% | 0.5% | 7.0% | 1.3% |
| Commodities | 8.0% | 1.6% | 8.0% | 2.0% |
| Real Estate | 7.0% | 5.8% | 7.0% | 6.7% |
| Absolute Return | 10.0% | 2.9% | 10.0% | 2.9% |
| Risk Parity | 12.0% | 5.5% | 12.0% | 5.3% |

Total pension liability was calculated using the discount rate of 6.75% for June 30, 2021 and 2020. The projection of cash flows used to determine the discount rate assumed the contributions would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy, adopted by the Board. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 6.75%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%), or one percentage point higher (7.75%) than the current rate:

Actuarial Valuation as of: June 30, 2020

| 1% Decrease (5.75%) | Current (6.75%) | 1% Increase (7.75%) |
|---|---|---|
| $ 81,128,826 | $ 49,761,902 | $ 23,489,556 |

Actuarial Valuation as of: June 30, 2019

| 1% Decrease (5.75%) | Current (6.75%) | 1% Increase (7.75%) |
|---|---|---|
| $ 89,581,648 | $ 55,778,899 | $ 27,584,820 |

As a result of GASB 68 implementation, new categories of deferred outflows and inflows of resources are required to be reported and disclosed, as follows:

**Summary of Deferred Outflows and Inflows of Resources**
(dollars in thousands)

| | As of June 30, 2021 Deferred Outflows | As of June 30, 2021 Deferred Inflows |
|---|---|---|
| Differences between expected and actual experience | $ 882 | $ 668 |
| Net difference between projected and actual investment earnings on pension plan investments | 4,259 | - |
| Change of assumptions | - | 10,368 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 273 | 2,890 |
| Contribution made after the measurement date | 7,892 | - |
| Total Deferred Outflows and Inflows | $ 13,306 | $ 13,926 |

| | As of June 30, 2020 Deferred Outflows | As of June 30, 2020 Deferred Inflows |
|---|---|---|
| Differences between expected and actual experience | $ 1,477 | $ - |
| Net difference between projected and actual investment earnings on pension plan investments | - | 2,637 |
| Change of assumptions | 12 | 6,063 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 556 | 1,916 |
| Contribution made after the measurement date | 9,000 | - |
| Total Deferred Outflows and Inflows | $ 11,045 | $ 10,616 |

These deferred outflows and inflows of resources are required to be amortized over either a 4.5 or 5 year life, depending upon the nature of the item. Amortization of these items is presented in the following table:

| Amortization of Net Deferred Outflows/Inflows of Resources | | |
|---|---|---|
| 2021 | | (6,167) |
| 2022 | | (2,810) |
| 2023 | | (1,344) |
| 2024 | | 1,809 |
| Total | $ | (8,512) |

**Purdue University Police Officers and Firefighters Pension Plan.** A supplemental pension program for police officers and firefighters (Police/Fire) was authorized by the Purdue Board of Trustees on March 13, 1990, and was established on July 1, 1990. In conjunction with other retirement plans offered by the University, this plan provides police officers and firefighters employed by the University with a total retirement benefit that is comparable to the benefits received by municipal police and fire personnel in Indiana. Both benefit provisions and contribution requirements are established and may be amended by the Employer. The program is a single-employer defined benefit plan, funded through group annuities, and administered by the plan Administrator, with funding and reporting through the Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF). The financial statements of the plan are included in these financial statements as a pension trust fund (a fiduciary fund).

The plan provides for normal retirement benefits after the completion of 20 years of covered employment, and attainment of 55 years of age. The normal benefit payable under this plan is an amount equal to 50% of the annual base salary of a non-probationary-level police officer at each camus, as in effect at the time of a member's retirement, reduced by the amount of any pension benefits payable under other University retirement programs, including TIAA-CREF and PERF Hybrid.

Employees are vested after the completion of 10 years of covered employment, and those who are also age 55 or over are then eligible for early retirement benefits using the same calculation as above, but replacing 50% of the defined salary with 2.5% of the defined salary multiplied by the years of service for accrual.

If an eligible employee terminates employment because of a total disability as defined in the plan, he shall be eligible for disability retirement benefits under the plan.

All benefits will be adjusted annually for Cost of Living changes based on the Consumer Price Index.

For the years ending June 30, 2021 and 2020, there were 104 and 107 employees, respectively, actively participating in Police/Fire. In addition to this there were 33 and 28 vested employees who had terminated and 94 and 92 retired participants, for the years ending June 30, 2021 and 2020 respectively.

Employees covered by this plan are required to make contributions equal to 3% of the current salary for a non-probationary-level police officer. University contributions are to be in such additional amounts as needed to maintain the plan on an actuarially sound basis. University contributions were not required to be made to the plan for the fiscal year ended June 30, 2021, and contributions totaling approximately $20,000 were made for the fiscal year ending June 30, 2020.

Financial reports related to this plan may be obtained by writing to: Office of Legal Counsel, Public Records Officer; Purdue University, Hovde Hall, 610 Purdue Mall, West Lafayette, IN 47907-2040.

Schedule of Changes in Pension Liability for the fiscal years ended June 30,

(Dollars in Thousands)

| | 2021 | 2020 |
|---|---|---|
| **Total pension liability** | | |
| Service cost | $ 954 | $ 815 |
| Interest | 3,221 | 1,954 |
| Differences between expected and actual experience | (1,999) | 31 |
| Changes of assumptions | 3,852 | 1,510 |
| Benefit payments, including refunds of contributions | (1,419) | (1,409) |
| **Net change in total pension liability** | 4,609 | 2,901 |
| **Total pension liability - beginning** | 34,801 | 31,900 |
| **Total pension liability - ending (a)** | $ 39,410 | $ 34,801 |
| | | |
| **Plan fiduciary net position** | | |
| Contributions - employer | $ 19 | $ 268 |
| Contributions - employee | 177 | 179 |
| Net investment income | 3,420 | 2,245 |
| Benefit payments, including refunds of contributions | (1,419) | (1,409) |
| **Net change in plan fiduciary net position** | 2,197 | 1,283 |
| **Plan fiduciary net position - beginning** | 38,963 | 37,680 |
| **Plan fiduciary net position - ending (b)** | $ 41,160 | $ 38,963 |
| | | |
| **Net pension liability (asset) ending (a) - (b)** | $ (1,750) | $ (4,162) |

The total pension liability, as of June 30, 2021 and 2020 was determined by actuarial valuations as of July 1, 2020 and 2019. Significant Actuarial Assumptions for these valuations follow:

- Actuarial Cost Method was Projected Unit Credit for both valuations
- Cost of Living increases of 2.25% were assumed for both valuations
- Salary increases of 2.50% were assumed for both valuations
- Mortality tables for the 2020 valuation were:
    - Pre-retirement – PubS-2010 generational table for non-annuitants projected with Scale MP-2020
    - Post-retirement – PubS-2010 generational table for annuitants projected with Scale MP-2020
- Mortality tables for the 2019 valuation were:
    - Pre-retirement – PubS-2010 generational table for non-annuitants projected with Scale MP-2019
    - Post-retirement – PubS-2010 generational table for annuitants projected with Scale MP-2019
- Interest discount rate used was 5.25% at July 1, 2020 and 6.00% at July 1, 2019, and the long term expected rate of return is the same at 5.25% and 6.00% for the same time periods
- The long term expected rates are projected to apply to benefit payments for the life of the plan, or 30 years, whichever is earlier
- If University contributions were required, based on the actuarial calculations, the assumption is that the University would make such contributions to provide required cash flow to the plan

Plan investments were chosen, pursuing an investment strategy long term in nature, which was established by the employer, with funding through TIAA/CREF investment vehicles. The TIAA Traditional Annuity is a guaranteed fixed annuity. There are no concentrations of over five percent ownership of any company within the CREF Growth and CREF Stock accounts combined.

**Asset Allocation Policy for the plan:**

| | **Percentage of Total Assets at July 1,** | | **Expected Rate of Return at July 1,** | |
|---|---|---|---|---|
| **Asset Breakdown:** | **2020** | **2019** | **2020** | **2019** |
| TIAA Traditional | 37.43% | 41.32% | 4.67% | 4.69% |
| CREF Growth Account | 37.09% | 32.45% | 5.44% | 6.50% |
| CREF Stock Account | 25.48% | 26.23% | 6.27% | 7.04% |
| **Total** | **100.00%** | **100.00%** | | |

Weighted average return (rounded to nearest 25 bp) 5.25%

Expected rates of return developed using capital market assumptions for each asset class based on 20-year arithmetic expected returns provided by Morningstar as of November 2019.

Expected Rates of Return using Capital Market Assumptions for each asset class of 20-year arithmetic expected returns provided by Morningstar as of November 2019.

The actual rates of return for valuation years ended June 30, 2020 and 2019 were 8.93% and 6.07% respectively.

The actuarial pension liability (surplus) is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the liability (surplus) calculated using the current discount rate as well as discount rates 1% above and 1% below for each of the years presented.

**Sensitivity Analysis**

For the year ended June 30, 2021

| **1% decrease** | **Current** | **1% increase** |
|---|---|---|
| 4.25% | 5.25% | 6.25% |
| $ 3,809,362 | $ (1,750,458) | $ (7,310,278) |

For the year ended June 30, 2020

| **1% decrease** | **Current** | **1% increase** |
|---|---|---|
| 5.00% | 6.00% | 7.00% |
| $ 676,870 | $ (4,161,806) | $ (9,000,482) |

# Note 10 – Component Units

### Discretely Presented Component Units

Summary financial information as of and for the years ended June 30, 2021 and 2020, for the University's discretely presented component units are presented in the tables below.

## Purdue University
## Component Units Consolidated Statement of Financial Position

*Purdue Research Foundation*

As of June 30 (Dollars in Thousands)

| | 2021 | 2020 |
|---|---|---|
| **Assets:** | | |
| Cash and Cash Equivalents | $ 33,600 | $ 16,493 |
| Accounts Receivable, Net | 20,911 | 25,986 |
| Right of Use Assets - Operating Leases | 1,568 | - |
| Other Assets | 14,330 | 18,748 |
| Investments | 3,896,649 | 2,740,240 |
| Notes Receivable, Net | 32,411 | 31,918 |
| Interest in Charitable Perpetual Trusts | 19,803 | 15,799 |
| Capital Assets, Net of Accumulated Depreciation | 267,327 | 273,391 |
| **Total Assets** | **$4,286,599** | **$3,122,575** |
| **Liabilities:** | | |
| Accounts Payable and Accrued Expenses | $ 41,008 | $ 35,899 |
| Due on Split Interest Agreements | 47,833 | 42,406 |
| Deposits Held in Custody for Others | 2,694,688 | 1,829,899 |
| Bonds (Net), Leases, and Notes Payable | 172,369 | 191,926 |
| Lease Liability | 1,568 | - |
| Other Liabilities | 588 | 3,659 |
| **Total Liabilities** | **2,958,054** | **2,103,789** |
| **Net Assets:** | | |
| Without Donor Restriction | 306,732 | 282,067 |
| With Donor Restriction | 1,021,813 | 736,719 |
| **Total Net Assets** | **1,328,545** | **1,018,786** |
| **Total Liabilities and Net Assets** | **$4,286,599** | **$3,122,575** |

# Purdue University
# Component Units Statement of Activities

*Purdue Research Foundation*

For the Years Ended June 30 (Dollars in Thousands)

| | 2021 | 2020 |
|---|---|---|
| **Revenue and Support** | | |
| Amount Received for Purdue University Research Projects | $ 381 | $ 706 |
| Less Payments to Purdue University | (381) | (706) |
| | - | - |
| Contributions | 46,089 | 59,584 |
| Income on Investments | 12,279 | 18,245 |
| Net Unrealized and Realized Gains (Losses) | 321,741 | (14,439) |
| Change in Value of Split Interest Agreements | (4,910) | 3,781 |
| Change in Interests in Perpetual Trusts | 4,004 | (325) |
| Rents | 24,445 | 24,236 |
| Royalties | 8,070 | 11,380 |
| Other | 40,711 | 36,054 |
| **Total Revenue and Support** | **452,429** | **138,516** |
| **Expenses and Losses** | | |
| **Expenses for the Benefit of Purdue University** | | |
| Contributions to Purdue University | 35,878 | 44,989 |
| Patent and Royalty | 4,980 | 8,755 |
| Grants | 394 | 581 |
| Services for Purdue University | 3,275 | 2,493 |
| Other | 3,876 | 2,716 |
| **Total Expenses for the Benefit of Purdue University** | **48,403** | **59,534** |
| **Administrative and Other Expenses** | | |
| Salaries and Benefits | 39,410 | 39,307 |
| Property Management | 22,721 | 23,155 |
| Professional Fees | 13,336 | 12,632 |
| Supplies | 2,931 | 3,384 |
| Interest | 7,462 | 8,091 |
| Research park | 333 | 554 |
| Other | 8,074 | 11,443 |
| **Total Administrative and Other Expenses** | **94,267** | **98,566** |
| Change in Net Assets | 309,759 | (19,584) |
| Net Assets, Beginning of Period | 1,018,786 | 1,038,370 |
| **Net Assets, End of Period** | **$ 1,328,545** | **$ 1,018,786** |

# Purdue University
## Component Units Consolidated Statement of Net Position

*Ross Ade Foundation and Purdue Fort Wayne Foundation*

As of June 30, 2021 (Dollars in Thousands)

| | Ross Ade Foundation | Purdue Fort Wayne Foundation | Component Unit Total |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash and Cash Equivalents | $ 923 | $ 3,798 | $ 4,721 |
| Accounts Receivable | 1 | 11 | 12 |
| Rents Receivable | - | 28 | 28 |
| Contributions Receivable, Net | - | 360 | 360 |
| Other Assets | - | 3 | 3 |
| Prepaid Insurance | 2 | - | 2 |
| **Total Current Assets** | 926 | 4,200 | 5,126 |
| **Noncurrent Assets** | | | |
| Investments | - | 9,044 | 9,044 |
| Contributions Receivable, Net | - | 77 | 77 |
| Notes Receivable | 1,079 | - | 1,079 |
| Lease Purchase Agreements | 180,767 | - | 180,767 |
| Real Estate | 151 | 6,929 | 7,080 |
| **Total Noncurrent Assets** | 181,997 | 16,050 | 198,047 |
| **Total Assets** | **182,923** | **20,250** | **203,173** |
| **Deferred Outflows of Resources** | **4,019** | - | **4,019** |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Accounts Payable and Accrued Expenses | 3 | 532 | 535 |
| Unearned Revenue | 2,846 | - | 2,846 |
| Bonds Payable, Net | 2,423 | - | 2,423 |
| **Total Current Liabilities** | 5,272 | 532 | 5,804 |
| **Noncurrent Liabilities** | | | |
| Unearned Revenue | 22,157 | - | 22,157 |
| Bonds Payable, Net | 155,419 | - | 155,419 |
| **Total Noncurrent Liabilities** | 177,576 | - | 177,576 |
| **Total Liabilities** | **182,848** | **532** | **183,380** |
| **Net Position** | | | |
| Net Investment in Plant | 2,092 | 6,929 | 9,021 |
| Restricted - Nonexpendable | - | 1,682 | 1,682 |
| Restricted - Expendable | - | 10,030 | 10,030 |
| Unrestricted | 2,002 | 1,077 | 3,079 |
| **Total Net Position** | **$ 4,094** | **$ 19,718** | **$ 23,812** |

# Purdue University
# Component Units Consolidated Statement of Net Position

*Ross Ade Foundation and Purdue Fort Wayne Foundation*

As of June 30, 2020 (Dollars in Thousands)

| | Ross Ade Foundation | Purdue Fort Wayne Foundation | Component Unit Total |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash and Cash Equivalents | $ 909 | $ 3,826 | $ 4,735 |
| Accounts Receivable | 798 | 78 | 876 |
| Rents Receivable | - | 25 | 25 |
| Contributions Receivable, Net | - | 232 | 232 |
| Other Assets | - | 2 | 2 |
| Prepaid Insurance | 2 | - | 2 |
| **Total Current Assets** | 1,709 | 4,163 | 5,872 |
| **Noncurrent Assets** | | | |
| Investments | - | 6,867 | 6,867 |
| Contributions Receivable, Net | - | 110 | 110 |
| Notes Receivable | 1,079 | - | 1,079 |
| Lease Purchase Agreements | 185,148 | - | 185,148 |
| Real Estate | 151 | 7,032 | 7,183 |
| **Total Noncurrent Assets** | 186,378 | 14,009 | 200,387 |
| **Total Assets** | **188,087** | **18,172** | **206,259** |
| **Deferred Outflows of Resources** | **4,390** | - | **4,390** |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Accounts Payable and Accrued Expenses | 2,714 | 291 | 3,005 |
| Unearned Revenue | 2,424 | - | 2,424 |
| Bonds Payable, Net | 40,738 | - | 40,738 |
| **Total Current Liabilities** | 45,876 | 291 | 46,167 |
| **Noncurrent Liabilities** | | | |
| Unearned Revenue | 17,867 | - | 17,867 |
| Bonds Payable, Net | 123,760 | - | 123,760 |
| **Total Noncurrent Liabilities** | 141,627 | - | 141,627 |
| **Total Liabilities** | **187,503** | **291** | **187,794** |
| **Net Position** | | | |
| Net Investment in Plant | 4,900 | 7,032 | 11,932 |
| Restricted - Nonexpendable | - | 1,665 | 1,665 |
| Restricted - Expendable | - | 8,180 | 8,180 |
| Unrestricted | 74 | 1,004 | 1,078 |
| **Total Net Position** | **$ 4,974** | **$ 17,881** | **$ 22,855** |

# Purdue University
# Component Units Consolidated Statement of Revenues, Expenses, and Changes in Net Position

*Ross Ade Foundation and Purdue Fort Wayne Foundation*

For the Year Ended June 30, 2021 (Dollars in Thousands)

| | Ross Ade Foundation | Purdue Fort Wayne Foundation | Component Unit Total |
|---|---|---|---|
| **Operating Revenues:** | | | |
| Contributions and Grants | $ - | $ 1,001 | $ 1,001 |
| Lease Income | 3,146 | - | 3,146 |
| Rental Income | 8 | 384 | 392 |
| Miscellaneous Income | - | 16 | 16 |
| **Total Operating Revenues** | **3,154** | **1,401** | **4,555** |
| **Operating Expenses:** | | | |
| Cost of Issuance | 319 | - | 319 |
| Contributions | - | 840 | 840 |
| Insurance | - | 1,104 | 1,104 |
| Depreciation Expense | 9 | - | 9 |
| Administrative and Other Expenses | - | 103 | 103 |
| Other Operating Expenses | 4 | 9 | 13 |
| **Total Operating Expenses** | **332** | **2,056** | **2,388** |
| **Net Operating Income** | **2,822** | **(655)** | **2,167** |
| **Nonoperating Revenues (Expenses):** | | | |
| Contributions to Endowments | - | 1 | 1 |
| Interest Income | - | 333 | 333 |
| Investment Income (Loss) | - | 2,158 | 2,158 |
| Interest Expense | (3,702) | - | (3,702) |
| **Total Nonoperating Revenues** | **(3,702)** | **2,492** | **(1,210)** |
| **INCREASE IN NET POSITION** | **(880)** | **1,837** | **957** |
| Net Position, Beginning of Year | 4,974 | 17,881 | 22,855 |
| **Net Position, End of Year** | **$ 4,094** | **$ 19,718** | **$ 23,812** |

# Purdue University
# Component Units Consolidated Statement of Revenues, Expenses, and Changes in Net Position

*Ross Ade Foundation and Purdue Fort Wayne Foundation*

For the Year Ended June 30, 2020 (Dollars in Thousands)

| | Ross Ade Foundation | Purdue Fort Wayne Foundation | Component Unit Total |
|---|---|---|---|
| **Operating Revenues:** | | | |
| Contributions and Grants | $ - | $ 1,151 | $ 1,151 |
| Lease Income | 4,490 | - | 4,490 |
| Rental Income | 8 | 426 | 434 |
| Miscellaneous Income | - | 81 | 81 |
| **Total Operating Revenues** | **4,498** | **1,658** | **6,156** |
| **Operating Expenses:** | | | |
| Contributions | 150 | 717 | 867 |
| Insurance | - | 571 | 571 |
| Depreciation Expense | 8 | - | 8 |
| Administrative and Other Expenses | - | 103 | 103 |
| Other Operating Expenses | 10 | 22 | 32 |
| **Total Operating Expenses** | **168** | **1,413** | **1,581** |
| **Net Operating Income** | **4,330** | **245** | **4,575** |
| **Nonoperating Revenues (Expenses):** | | | |
| Contributions to Endowments | - | 2 | 2 |
| Interest Income | - | 371 | 371 |
| Investment Income (Loss) | 61 | (482) | (421) |
| Interest Expense | (878) | - | (878) |
| **Total Nonoperating Revenues** | **(817)** | **(109)** | **(926)** |
| **INCREASE IN NET POSITION** | **3,513** | **136** | **3,649** |
| Net Position, Beginning of Year | 1,461 | 17,745 | 19,206 |
| **Net Position, End of Year** | **$ 4,974** | **$ 17,881** | **$ 22,855** |

### Blended Component Unit

Condensed financial information for Purdue University Global, Inc., a blended component unit, before the elimination of certain intra-University transactions, as of and for the years ended June 30, 2021 and 2020

## Purdue University Global, Inc.

**Blended Component Unit Condensed Statement of Net Position**
As of June 30 (Dollars in Thousands)

| | 2021 | 2020 |
|---|---|---|
| **Assets:** | | |
| Current Assets | $ 77,142 | $ 96,045 |
| Noncurrent Assets | 1,071 | 21,562 |
| **Total Assets** | **78,213** | **117,607** |
| **Liabilities:** | | |
| Current Liabilities | 100,616 | 142,798 |
| Noncurrent Liabilities | 20,975 | 22,492 |
| **Total Liabilities** | **121,591** | **165,290** |
| **Net Assets:** | | |
| Net Investment in Capital Assets | 1,071 | 1,555 |
| Unrestricted | (44,449) | (49,238) |
| **Total Net Assets** | **$ (43,378)** | **$ (47,683)** |

# Purdue University Global, Inc.

**Blended Component Unit Condensed Statement of Revenues, Expenses, and Changes in Net Position**
For the Period Ended June 30 (Dollars in Thousands)

| | 2021 | 2020 |
|---|---|---|
| Operating Revenues | $ 372,046 | $ 306,374 |
| Operating Expenses other than Depreciation | 431,553 | 408,717 |
| Depreciation Expense | 553 | 1,306 |
| **Net Operating Loss** | **(60,060)** | **(103,649)** |
| Non Operating Revenues | 64,365 | 82,557 |
| **Increase (Decrease) in Net Position** | **4,305** | **(21,092)** |
| Net Assets, Beginning of Period | (47,683) | (26,591) |
| **Net Assets, End of Period** | **$ (43,378)** | **$ (47,683)** |

# Purdue University Global, Inc.

**Blended Component Unit Condensed Statement of Cash Flows**
For the Period Ended June 30 (Dollars in Thousands)

| | 2021 | 2020 |
|---|---|---|
| Cash Used by Operating Activities | $ (108,787) | $ (50,651) |
| Cash Provided by Noncaptial Financing Activities | 91,832 | 81,903 |
| Cash Provided by Investing Activities | 33 | 654 |
| Cash Used by Capital and Related Financing Activities | (72) | (275) |
| Net (Decrease) Increase in Cash and Cash Equivalents | (16,995) | 31,631 |
| Cash and Cash Equivalents - Beginning of Period | 76,958 | 45,327 |
| **Cash and Cash Equivalents - End of Period** | **$ 59,963** | **$ 76,958** |

## Note 11 — Contingent Liabilities and Commitments

**Legal Actions**. In the normal course of its activities, the University is a party in various legal actions. Although it is involved in a number of claims, the University does not anticipate significant losses or costs. After taking into consideration legal counsel's evaluation of pending actions, the University believes that the outcome thereof will not have a significant impact on the financial statements.

**Construction Projects.** As of June 30, 2021 and 2020, contractual obligations for capital construction projects were approximately $136,080,000 and $116,294,000 respectively.

**Natural Gas Procurement.** The University has entered into various forward contracts to purchase natural gas at a specified time in the future at a guaranteed price. This activity allows the University to plan its natural gas costs for the year and to protect itself against an increase in the market price of the commodity. It is possible that the market price before or at the specified time to purchase natural gas may be lower or higher than the price at which the University is committed to buy. This would reduce or increase the value of the contract. The University could sell the forward contract at a loss or gain and then buy natural gas on the open market. The University is also exposed to the failure of the counterparty to fulfill the contract. The terms of the contract include provisions for recovering the cost in excess of the guaranteed price from the counterparty if the counterparty fails to deliver quantity at the guaranteed price at the specified time resulting in the University having to procure natural gas on the open market.

## Note 12 – Risk Management

**Accrued Insurance Liabilities.** The University is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; job-related illnesses or injuries to employees; accident, health, and other medical benefits provided to employees and their dependents; and long-term disability benefits provided to employees. The University handles these risks of loss through combinations of risk retention and commercial insurance. The amount of settlements paid during the last three years did not exceed the insurance coverage for the same time period. There was no significant reduction in insurance coverage during the fiscal year.

For buildings and contents, the University's risk retention is $500,000 per occurrence. There is $2,000,000 retention per occurrence or wrongful act for general, automobile, and professional and educators' legal liability coverage. The University retains the entire risk for medical benefits. For the fiscal years ended June 30, 2021 and 2020, the maximum liability to the University for job-related illness or injury was $950,000 per incident, with no maximum annual aggregate liability.

All departments of the University are charged fees based on actuarial estimates of the amounts necessary to pay claims and to establish reserves for catastrophic losses. During the years ended June 30, 2021 and 2020, the University reflected approximately $47,000 and $52,000, respectively, of insurance proceeds as non-operating income.

The University accrues liabilities for claims if information indicates that a loss has been incurred as of June 30, and the amount of the loss can reasonably be estimated. Changes in the balances of accrued insurance liabilities were as follows (dollars in thousands):

| | June 30, 2021 | June 30, 2020 | June 30, 2019 |
|---|---|---|---|
| Beginning Liability | $ 25,872 | $ 26,081 | $ 28,202 |
| Claims Incurred | 117,284 | 137,565 | 131,879 |
| Claims Payments | (119,301) | (137,774) | (134,000) |
| **Ending Liability** | **$ 23,855** | **$ 25,872** | **$ 26,081** |

**Required Supplementary Information**

**SCHEDULE OF CHANGES IN PURDUE'S**
**TOTAL OPEB LIABILITY AND RELATED RATIOS**
***(Dollar amounts in Thousands)***
**June 30,**

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **Total OPEB Liability** | | | | |
| Service Cost | $ 1,927 | $ 2,023 | $ 2,290 | $ 2,417 |
| Interest | 1,150 | 1,653 | 1,631 | 1,416 |
| Changes of benefit terms | - | (755) | - | - |
| Differences between expected and actual experience | 634 | (2,219) | - | - |
| Changes of assumptions | 2,571 | (5,252) | (699) | (1,952) |
| Benefit payments, including refunds of member contributions | (4,879) | (5,550) | (6,112) | (5,567) |
| **Net Change in Total OPEB Liability** | **1,403** | **(10,100)** | **(2,890)** | **(3,686)** |
| **Total OPEB Liability - beginning** | **33,357** | **43,457** | **46,347** | **50,033** |
| **Total OPEB Liability - ending** | **$ 34,760** | **$ 33,357** | **$ 43,457** | **$ 46,347** |
| Covered employee payroll | $ 977,356 | $ 959,487 | $ 939,138 | $ 920,742 |
| Plan total OPEB Liability as a percentage of covered employee payroll | 3.56% | 3.48% | 4.63% | 5.03% |

Notes to Schedule:

Change in Benefits:

- For 2020, deductibles and out-of-pocket maximums increased by various levels in the medical plans. The prescription drug plans added a specialty tier and contact lens allowances were changed.

Changes in Assumptions:

- For 2021, assumption changes reflected the potential excise tax on plans that exceed certain cost thresholds which was repealed on December 20, 2019. The discount rate decreased to 2.21%.
- For 2020, assumptions reflected the valuation-year per capita health costs and future trend on such costs, updates to the retiree contribution rates to current levels and the assumed future disability and mortality rates were modified. The discount rate was decreased to 3.50%.
- For 2019 the discount rate was increased to 3.87%.
- For 2018 the discount rate was increased to 3.58%.

*The notes to the RSI are an integral part of the RSI.*

**Required Supplementary Information**

**SCHEDULE OF PURDUE'S SHARE OF THE NET PENSION LIABILITY**
**INDIANA PUBLIC EMPLOYEE RETIREMENT FUND (PERF HYBRID)**
***(Dollar Amounts in Thousands)***
**June 30,**

| | *Measurement Date as of* | | | | | | |
|---|---|---|---|---|---|---|---|
| | **2020** | **2019** | **2018** | **2017** | **2016** | **2015** | **2014** |
| Proportion of the Net Pension Liability | 1.6% | 1.7% | 1.7% | 1.8% | 1.8% | 2.5% | 2.8% |
| Proportionate Share of the Net Pension Liability | $ 49,762 | $ 55,779 | $ 58,681 | $ 78,861 | $ 82,044 | $ 102,146 | $ 74,323 |
| Covered-employee payroll | $ 88,943 | $ 87,930 | $ 88,142 | $ 87,693 | $ 86,639 | $ 120,126 | $ 138,081 |
| Proportionate share of the Net Pension Liability as a percentage of covered-employee payroll | 55.9% | 63.4% | 66.6% | 89.9% | 94.7% | 84.8% | 53.8% |
| Plan fiduciary net position as a percentage of the total pension liability | 81.4% | 80.1% | 78.9% | 76.6% | 75.3% | 77.3% | 84.3% |

**SCHEDULE OF PURDUE'S CONTRIBUTIONS**
**INDIANA PUBLIC EMPLOYEE RETIREMENT FUND (PERF HYBRID)**
***(Dollar Amounts in Thousands)***
**June 30,**

| | *Fiscal Year* | | | | | | |
|---|---|---|---|---|---|---|---|
| | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** | **2015** |
| Contractually required contribution | $ 9,962 | $ 9,848 | $ 9,872 | $ 9,822 | $ 9,704 | $ 13,431 | $ 15,471 |
| Contributions in relation to the contractually required contribution | $ 9,962 | $ 9,848 | $ 9,872 | $ 9,822 | $ 9,704 | $ 13,431 | $ 15,471 |
| Contribution deficiency | - | - | - | - | - | - | - |
| Covered-employee payroll | $ 88,943 | $ 87,930 | $ 88,142 | $ 87,693 | $ 86,639 | $ 120,126 | $ 138,081 |
| Contributions as a percentage of covered-employee payroll | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% | 11.2% |

**Based on INPRS previous fiscal year audit and report on allocation of pension amounts. Ie: FY2021 Purdue reported amounts based on INPRS FY2020 report.*

*The amounts presented for each fiscal year were determined as of June 30.*

**Notes to RSI:**

**Changes of Benefit Terms**: There were no changes of benefit terms for the years presented.

**Changes in Assumptions**:

**FY 2021:**
The future salary increase assumption changed from an age-based table ranging from 2.50% to 4.25% to a service-based table ranging from 2.75% to 8.75%.

The mortality assumption changed from the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report to the Pub-2010 Public Retirement Plans Mortality Tables with a fully generational projection of mortality improvements using SOA Scale MP-2019. Specific mortality table variants and adjustments are used for different subpopulations.

The retirement assumption was updated based on recent experience and was updated from an age- and service-based table to an age-based table dependent on eligibility for a reduced benefit or unreduced benefit. Additionally, for actives who are eligible for early retirement (reduced benefit), 30% are now assumed to commence benefits immediately and 70% are assumed to commence benefits at unreduced retirement eligibility. Previously 33% of actives were assumed to commence benefits with early retirement while 67% were assumed to wait for unreduced retirement eligibility.

The termination assumption was updated based on recent experience. For state members the tables were combined from being split by salary and sex to being one unisex service-based table. For members in political subdivisions earning more than $20,000, the sex-distinct tables were combined to one unisex service-based table. For members in political subdivisions earning less than $20,000, the sex-distinct age-based table was maintained and the rates were updated based on experience.

The disability assumption was updated based on recent experience.

The marital assumption was updated based on recent experience. 80% of male members and 65% of female members are assumed to be married or to have a dependent beneficiary. Previously, 75% of male members and 60% of female members were assumed to be married or to have a dependent beneficiary.

The load placed on the final average earnings to account for additional wages received upon termination, such as severance pay or unused sick leave, decreased from $400 to $200.

**FY 2020:**
None

**FY 2019:**
For the actuarial valuation as of June 30, 2018, the COLA assumption was changed due to passage of Senate Enrolled Act No. 373. In lieu of a 1.0% COLA beginning on January 1, 2020, INPRS assumes the COLA will be replaced by a thirteenth check for 2020 and 2021. The COLA assumption thereafter, would be 0.4% beginning on January 1, 2022, changing to 0.5% beginning on January 1, 2034, and ultimately 0.6% beginning on January 1, 2039.

**FY 2018:**
For the actuarial valuation as of June 30, 2017, an actuarial audit was completed which included updating the following assumptions: adding a load on final average salary of $400 to reflect unused sick leave accumulated at termination of employment for active and inactive vested members. Additionally, for disabled members, the RP-2014 (with MP-2014 improvement removed) Disability Mortality tables are assumed instead of the RP2014 (with MP-2014 improvement removed) Total Data Set Mortality tables.

**FY 2017:**
None

**FY 2016:**
The inflation assumption changed from 3.00% to 2.25% per year.

The future salary increase assumption changed from an age-based table ranging from 3.25% to 4.50% to an age-based table ranging from 2.50% to 4.25%.

The mortality assumption changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration’s 2014 Trustee Report.

The retirement assumption was updated based on recent experience. Additionally, for actives who are eligible for early retirement (reduced benefit), 33% are assumed to commence benefits immediately and 67% are assumed to commence benefits at unreduced retirement eligibility. 100% of actives were assumed to commence benefits immediately upon early retirement eligibility in the prior year.

The termination assumption was updated based on recent experience. For members earning less than $20,000, the tables were updated from a select and ultimate table to just an ultimate table as there is little correlation with service. For members earning more than $20,000, the tables were updated from using a 5-year select period to a 10-year select period to correspond with the vesting schedule.

The disability assumption was updated based on recent experience.

The ASA Annuitization assumption was updated from 50% of members assumed to annuitize their ASA balance to 60% of members assumed to annuitize their ASA balance prior to January 1, 2017.

**FY 2015:**
Assumptions concerning ASA withdrawal and annuitization were added pursuant to the addition of IC 5-10.5-4-2.5 and 2.6 in accordance with the 2014 House Enrolled Act No. 1075.

All other assumptions are the same as the June 30, 2013 valuation.

*The notes to the RSI are an integral part of the RSI.*

## Required Supplementary Information

**Schedule of Changes in Net Pension Liability (Asset) and Related Ratios**
**Purdue Police and Fire Supplemental Pension Plan**
***(Dollar Amounts in Thousands)***
**June 30,**

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|
| **Total pension liability** | | | | | | | | |
| Service cost | $ 954 | $ 815 | $ 875 | $ 862 | $ 837 | $ 812 | $ 780 | $ 767 |
| Interest | 3,221 | 1,954 | 3,814 | 3,672 | 398 | 1,804 | 3,462 | 2,389 |
| Differences between expected and actual experience | (1,999) | 31 | (2,571) | (2,051) | 1,191 | (522) | (2,123) | (1,739) |
| Changes of assumptions | 3,852 | 1,510 | (1,281) | (207) | (14) | 440 | 47 | 45 |
| Benefit payments, including refunds of contributions | (1,419) | (1,409) | (1,317) | (1,278) | (1,289) | (1,172) | (1,049) | (1,011) |
| **Net change in total pension liability** | 4,609 | 2,901 | (480) | 998 | 1,123 | 1,362 | 1,117 | 451 |
| **Total pension liability - beginning** | 34,801 | 31,900 | 32,380 | 31,382 | 30,259 | 28,897 | 27,780 | 27,329 |
| **Total pension liability - ending (a)** | $ 39,410 | $ 34,801 | $ 31,900 | $ 32,380 | $ 31,382 | $ 30,259 | $ 28,897 | $ 27,780 |
| **Plan fiduciary net position** | | | | | | | | |
| Contributions - employer | $ 19 | $ 268 | $ 738 | $ 528 | $ 725 | $ 1,068 | $ 1,307 | $ 1,166 |
| Contributions - employee | 177 | 179 | 157 | 158 | 167 | 158 | 155 | 159 |
| Net investment income | 3,420 | 2,245 | 3,851 | 3,590 | 380 | 1,751 | 3,243 | 2,057 |
| Benefit payments, including refunds of contributions | (1,419) | (1,409) | (1,317) | (1,278) | (1,289) | (1,172) | (1,049) | (1,011) |
| **Net change in plan fiduciary net position** | 2,197 | 1,283 | 3,429 | 2,998 | (17) | 1,805 | 3,656 | 2,371 |
| **Plan fiduciary net position - beginning** | 38,963 | 37,680 | 34,251 | 31,253 | 31,270 | 29,465 | 25,809 | 23,438 |
| **Plan fiduciary net position - ending (b)** | $ 41,160 | $ 38,963 | $ 37,680 | $ 34,251 | $ 31,253 | $ 31,270 | $ 29,465 | $ 25,809 |
| **Net pension liability (asset) ending (a) - (b)** | $ (1,750) | $ (4,162) | $ (5,780) | $ (1,871) | $ 129 | $ (1,011) | $ (568) | $ 1,971 |

**Schedule of Net Pension Liability (Asset) and Related Ratios**
**Purdue Police and Fire Supplemental Pension Plan**
***(Dollar Amounts in Thousands)***
**June 30,**

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| Net Pension Liability (Asset) | $ (1,750) | $ (4,162) | $ (5,780) | $ (1,871) | $ 129 | $ (1,011) | $ (568) | $ 1,971 | $ 3,891 | $ 3,825 |
| Covered Employee Payroll | $ 7,544 | $ 6,887 | $ 6,060 | $ 5,612 | $ 6,493 | $ 5,816 | $ 5,803 | $ 5,611 | $ 5,648 | $ 5,677 |
| Pension Liability (Asset) as a percentage of covered payroll | -23.2% | -60.4% | -95.4% | -33.3% | 2.0% | -17.4% | -9.8% | 35.1% | 68.9% | 67.4% |

**Schedule of Contributions**
**Purdue Police and Fire Supplemental Pension Plan**
***(Dollar Amounts in Thousands)***
**June 30,**

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ - | $ - | $ - | $ 77 | $ 790 | $ 483 | $ 585 | $ 1,030 | $ 1,286 | $ 1,182 |
| Contributions made | $ - | $ 20 | $ 268 | $ 738 | $ 528 | $ 725 | $ 1,068 | $ 1,307 | $ 1,166 | $ 976 |
| Contribution deficiency (surplus) | $ (1,513) | $ (1,513) | $ (1,493) | $ (1,225) | $ (564) | $ (826) | $ (584) | $ (101) | $ 176 | $ 56 |
| Covered Employee Payroll | $ 7,544 | $ 6,887 | $ 6,060 | $ 5,612 | $ 6,493 | $ 5,816 | $ 5,803 | $ 5,611 | $ 5,648 | $ 5,677 |
| Contributions as a percentage of covered employee payroll | 0.0% | 0.3% | 4.4% | 13.2% | 8.1% | 12.5% | 18.4% | 23.3% | 20.6% | 17.2% |

*Actuarial data for 2021 was not available at the time of this report.

Notes to Purdue Police and Fire Supplemental Pension Plan Schedule:

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|
| Valuation Date | July 1, 2020 | July 1, 2019 | July 1, 2018 | July 1, 2017 | July 1, 2016 | July 1, 2015 |
| Actuarial Cost Method | | | Projected Unit Credit | | | |
| Interest Discount Rate | 5.25% | 6.00% | 6.25% | 6.25% | 6.25% | 6.25% |
| Cost of Living Increases | 2.25% | 2.25% | 2.25% | 3.00% | 3.00% | 3.00% |
| Salary Scale | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.00% |

Mortality

Pub-2010 Public Retirement Plans Mortality for Safety Employees Table (PubS-2010) with generational improvements projected under Scale MP-2020, MP-2019, MP-2018

Pre-Retirement

PubS-2010 generational table for non-annuitants projected with Scale MP-2020 and MP-2019

Post-Retirement

PubS-2010 generational table for annuitants projected with Scale MP-2020, MP-2019, MP-2018, MP-2017, MP-2016 and MP-2015

*The notes to the RSI are an integral part of the RSI.*

**Total In-State Enrollment by County**

**Fall, 2020-21 Academic Year**

The overall (in-state and out-of-state) enrollment at Purdue University was 64,117 students for the 2020-21 fall semester. The breakdown was West Lafayette, 45,869, Northwest, 9,363, Fort Wayne, 8,093, Statewide Technology, 792. Enrollment numbers do not include 5,918 Purdue University students at Indiana University-Purdue University Indianapolis. Although students came to Purdue from all over the world, 56% system-wide came from within Indiana.

| County | West Lafayette | Regional Campuses | Statewide Technology Locations | Total |
|---|---|---|---|---|
| Adams | 60 | 241 | - | 301 |
| Allen | 942 | 4,034 | 1 | 4,977 |
| Bartholomew | 277 | 6 | 48 | 331 |
| Benton | 95 | 2 | 5 | 102 |
| Blackford | 19 | 8 | 1 | 28 |
| Boone | 637 | 11 | 1 | 649 |
| Brown | 23 | 3 | 3 | 29 |
| Carroll | 107 | 4 | 10 | 121 |
| Cass | 125 | 7 | 9 | 141 |
| Clark | 130 | 8 | 64 | 202 |
| Clay | 20 | 4 | - | 24 |
| Clinton | 152 | 9 | 9 | 170 |
| Crawford | 1 | | 1 | 2 |
| Daviess | 36 | 1 | 1 | 38 |
| De Kalb | 67 | 306 | - | 373 |
| Dearborn | 88 | - | 1 | 89 |
| Decatur | 77 | 1 | 8 | 86 |
| Delaware | 111 | 18 | 12 | 141 |
| Dubois | 101 | - | 2 | 103 |
| Elkhart | 354 | 147 | 15 | 516 |
| Fayette | 29 | 2 | 9 | 40 |
| Floyd | 143 | 7 | 42 | 192 |
| Fountain | 83 | 2 | 2 | 87 |
| Franklin | 103 | 1 | 2 | 106 |
| Fulton | 63 | 33 | 1 | 97 |
| Gibson | 55 | 3 | 9 | 67 |
| Grant | 99 | 55 | 4 | 158 |
| Greene | 39 | 3 | 3 | 45 |
| Hamilton | 2,579 | 81 | 21 | 2,681 |
| Hancock | 373 | 23 | 6 | 402 |
| Harrison | 39 | - | 18 | 57 |
| Hendricks | 788 | 22 | 4 | 814 |

| County | West Lafayette | Regional Campuses | Statewide Technology Locations | Total |
|---|---|---|---|---|
| Henry | 86 | 11 | 13 | 110 |
| Howard | 234 | 29 | 48 | 311 |
| Huntington | 72 | 232 | 1 | 305 |
| Jackson | 74 | 3 | 12 | 89 |
| Jasper | 121 | 147 | - | 268 |
| Jay | 24 | 16 | 1 | 41 |
| Jefferson | 43 | 5 | 4 | 52 |
| Jennings | 22 | 4 | 6 | 32 |
| Johnson | 484 | 15 | 11 | 510 |
| Knox | 37 | 3 | 3 | 43 |
| Kosciusko | 191 | 318 | - | 509 |
| La Porte | 261 | 715 | 1 | 977 |
| Lagrange | 45 | 76 | - | 121 |
| Lake | 1,126 | 4,975 | 4 | 6,105 |
| Lawrence | 87 | 7 | 2 | 96 |
| Madison | 203 | 22 | 49 | 274 |
| Marion | 1,793 | 157 | 11 | 1,961 |
| Marshall | 130 | 50 | 8 | 188 |
| Martin | 12 | - | 2 | 14 |
| Miami | 65 | 33 | 16 | 114 |
| Monroe | 192 | 16 | - | 208 |
| Montgomery | 154 | 4 | 1 | 159 |
| Morgan | 115 | 6 | - | 121 |
| Newton | 47 | 64 | - | 111 |
| Noble | 89 | 300 | - | 389 |
| Ohio | - 6 | 1 | | 7 |
| Orange | 26 | - | 2 | 28 |
| Owen | 29 | 1 | - | 30 |
| Parke | 20 | 2 | 1 | 23 |
| Perry | 15 | 1 | 4 | 20 |
| Pike | 8 | 2 | 2 | 12 |
| Porter | 583 | 1,279 | 3 | 1,865 |

| County | West Lafayette | Regional Campuses | Statewide Technology Locations | Total |
|---|---|---|---|---|
| Posey | 44 | - | 1 | 45 |
| Pulaski | 51 | 26 | 1 | 78 |
| Putnam | 77 | 4 | 1 | 82 |
| Randolph | 41 | 12 | 7 | 60 |
| Ripley | 55 | 2 | 7 | 64 |
| Rush | 33 | 1 | 3 | 37 |
| Scott | 10 | - | 9 | 19 |
| Shelby | 77 | 8 | - | 85 |
| Spencer | 42 | - | 2 | 44 |
| St Joseph | 744 | 164 | 57 | 965 |
| Starke | 27 | 84 | - | 111 |
| Steuben | 66 | 124 | - | 190 |
| Sullivan | 23 | - | 1 | 24 |
| Switzerland | 4 | | - | 4 |
| Tippecanoe | 2,671 | 55 | 74 | 2,800 |
| Tipton | 45 | 1 | 7 | 53 |
| Union | 15 | 2 | 3 | 20 |
| Vanderburgh | 230 | 13 | 3 | 246 |
| Vermillion | 19 | 3 | 1 | 23 |
| Vigo | 124 | 7 | - | 131 |
| Wabash | 68 | 80 | - | 148 |
| Warren | 40 | 1 | - | 41 |
| Warrick | 137 | 7 | 1 | 145 |
| Washington | 25 | - | 8 | 33 |
| Wayne | 77 | 6 | 22 | 105 |
| Wells | 83 | 257 | - | 340 |
| White | 178 | 11 | 5 | 194 |
| Whitley | 64 | 272 | - | 336 |
| Unknown | 1,195 | 75 | 3 | 1,273 |
| **Total** | **20,474** | **14,751** | **733** | **35,958** |

## ACKNOWLEDGEMENTS

The following staff members of the Treasurer's Office prepared the 2020-2021 Financial Report.

**Kathleen E. Thomason,** *Comptroller*

**Tamara K. Carpenter,** *Accountant*

**Shannon R. Goff,** *Senior Accountant*

**Carrie M. Lohmeyer,** *Accountant*

**Shannel M. Lohrman,** *Senior Accountant*

**Corbin T. Richter,** *Accountant*

**Joshua S. Sterrett,** *Senior Accounting Manager*

**Katherine L. Vanderwall,** *Assistant Comptroller Accounting and Reporting*

[THIS PAGE INTENTIONALLY LEFT BLANK]

## APPENDIX C

## FORM OF APPROVING OPINION OF BOND COUNSEL FOR SERIES FF BONDS

June 16, 2022

The Trustees of Purdue University
West Lafayette, Indiana

The Bank of New York
Mellon Trust Company, N.A., as Trustee
Indianapolis, Indiana

Goldman Sachs & Co. LLC,
as Representative of the Underwriters
Chicago, Illinois

Re: Purdue University Student Fee Bonds, Series FF (the "Bonds") issued by The Trustees of Purdue University (the "Corporation") pursuant to an Amended and Restated Trust Indenture dated as of May 1, 1996, as heretofore supplemented and amended, and as further supplemented by a Thirty-Third Supplemental Indenture dated as of May 1, 2022 (collectively, the "Indenture") to The Bank of New York Mellon Trust Company, N.A. (as successor to NBD Bank, N.A.), Indianapolis, Indiana, as trustee (the "Trustee"); Principal amount $30,550,000

Ladies and Gentlemen:

We have examined a transcript of the proceedings had by the Corporation relative to the authorization, issuance and sale of the Bonds to provide funds for the current refunding of the Refunded Bonds (all as defined in the Indenture), as certified by the Secretary or Assistant Secretary of the Corporation, and the Indenture as executed and delivered for the purpose of securing the payment of the Bonds and the interest thereon.

We have relied upon a certified transcript of proceedings and other certificates and representations of the Corporation, including the tax covenants and representations (the "Tax Covenants"), and have not undertaken to verify any facts by independent investigation.

Based on the foregoing and our review of such other information, papers and documents as we believe necessary or advisable, we are of the opinion that:

(1) The Indenture has been duly authorized, executed and delivered by the Corporation and, assuming due authorization, execution and delivery thereof by the Trustee, is a valid and binding agreement of the Corporation, enforceable in accordance with its terms.

(2) The Bonds have been duly authorized, executed and issued and are the valid and binding obligations of the Corporation, enforceable in accordance with their terms.

(3) Under existing laws, judicial decisions, regulations and rulings, the interest on the Bonds is exempt from income taxation in the State of Indiana. This opinion relates only to the exemption of interest on the Bonds from state income taxes.

(4) Under existing laws, regulations, rulings and judicial decisions, the interest on the Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not a specific preference item for purposes of the Federal alternative minimum tax. This opinion relates only to the excludability from gross income of interest on the Bonds for federal income tax purposes under Section 103 of the Code and is conditioned on continuing compliance by the Corporation with the Tax Covenants. Failure to comply with the Tax Covenants could cause interest on the Bonds to lose the excludability from gross income for federal income tax purposes retroactive to the date of issue.

It is to be understood that the rights of the owners of the Bonds, the Corporation and the Trustee and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore and hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity. It is also to be understood that the rights of the owners of the Bonds, the Corporation and the Trustee and the enforceability of the Bonds and the Indenture may be subject to the valid exercise of the constitutional powers of the State of Indiana and the United States of America.

Very truly yours,

## APPENDIX D

## REFUNDED BONDS

The Refunded Bonds consist of the following:

The Trustees of Purdue University, Purdue University Student Fee Bonds, Series AA issued on August 9, 2012, identified below (the "Refunded Bonds"):

| Maturity Date | Principal | Interest Rate | CUSIP |
|---|---|---|---|
| July 1, 2023 | $2,680,000 | 5.000% | 746189SP5 |
| July 1, 2024 | 2,820,000 | 5.000 | 746189SQ3 |
| July 1, 2025 | 2,965,000 | 5.000 | 746189SR1 |
| July 1, 2026 | 3,115,000 | 5.000 | 746189SS9 |
| July 1, 2027 | 3,270,000 | 5.000 | 746189ST7 |
| July 1, 2028 | 480,000 | 3.000 | 746189SU4 |
| July 1, 2028 | 2,955,000 | 5.000 | 746189SZ3 |
| July 1, 2029 | 3,590,000 | 4.000 | 746189SV2 |
| July 1, 2030 | 3,755,000 | 5.000 | 746189SW0 |
| July 1, 2031 | 3,910,000 | 3.250 | 746189SX8 |
| July 1, 2032 | 4,045,000 | 3.250 | 746189SY6 |

The Refunded Bonds will be called for redemption prior to maturity, at a redemption price equal to 100% of the principal thereof, on July 1, 2022.

[THIS PAGE INTENTIONALLY LEFT BLANK]

# APPENDIX E

## THE PRIOR PROJECTS

The Prior Projects financed or refinanced using proceeds of the Refunded Bonds consisted of:

Prior Projects Financed by Series AA Bonds

Drug Discovery: The construction of a new Drug Discovery facility on the West Lafayette campus.

Health and Human Sciences: The construction of a new Health and Human Sciences Research Facility on the West Lafayette campus, as part of the Life and Health Sciences Quad.

Student Fitness and Wellness: The renovation and improvement to the 1957 Recreational Sports Center at the West Lafayette campus.

Repair and Replacement Projects: Repair and replacement projects on the West Lafayette campus.

[THIS PAGE INTENTIONALLY LEFT BLANK]

THE TRUSTEES OF PURDUE UNIVERSITY • PURDUE UNIVERSITY STUDENT FEE BONDS, SERIES FF

PURDUE
UNIVERSITY

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

Printed by: ImageMaster, LLC
www.imagemaster.com