THE TRUSTEES of INDIANA UNIVERSITY ("INDIANA UNIVERSITY") Annual Financial Information Disclosure Document December 17, 2020

This filing relates to the following bonds outstanding as of June 30, 2020 for the issues occurring in the month and year specified:

Indiana University Student Fee Bonds, Series T-2: April 2010

Indiana University Student Fee Bonds, Series U: July 2011

Indiana University Student Fee Bonds, Series V-1 & V-2: October 2012

Indiana University Student Fee Bonds, Series W-1 & W-2: January 2015

Indiana University Student Fee Bonds, Series X: August 2016

Indiana University Student Fee Bonds, Series Y: October 2018

Indiana University Student Fee Bonds, Series Z-1 & Z-2: June 2020

Indiana University Consolidated Revenue Bonds, Series 2012A: January 2012

Indiana University Consolidated Revenue Bonds, Series 2015A: April 2015

Indiana University Consolidated Revenue Bonds, Series 2016A: April 2016

Indiana University Consolidated Revenue Bonds, Series 2020A & 2020B: March 2020

Indiana University Certificates of Participation, Series 2012A: February 2012 Indiana University Certificates of Participation, Series 2013A: March 2013

Indiana University Lease Purchase Obligations, Series 2014A: February 2014

Indiana University Lease Purchase Obligations, Series 2015A: May 2015

Indiana University Lease Purchase Obligations, Series 2017A: March 2017

Indiana University Lease Purchase Obligations, Series 2020A & 2020B: March 2020

Indiana University Commercial Paper, Series 2018A: May 2018

Exhibit A – Audited Financial Statements for the Fiscal Year Ended June 30, 2020

Exhibit B – Certificate RE: Audited Financial Statements

Exhibit C – Certificate RE: Annual Financial Information Disclosure

Schedule I to Exhibits B and C

INDIANA UNIVERSITY

Table of Contents

General	1
COVID-19 Pandemic	1
Forward-looking Statements	2
Academic Colleges, Schools & Divisions of the University	2
Authorized Degree Programs and Degrees Conferred	4
Accreditations and Memberships	4
The Board of Trustees of the University	4
Administrative Officers of the University	5
Facilities/Services	7
Faculty and Staff	9
Student Quality	9
Student Admissions	10
Student Enrollment	11
Tuition and Fees	13
Student Financial Assistance	15
Financial Operations of the University	16
Operating Budget and Related Procedures	19
State Appropriations to the University	19
Research	20
Indiana University Foundation	21
Capital Campaign	22
University-held Endowments	22
Physical Plant	22
Capital Plan	23
Indebtedness of the University	24
Sources of Payment for Indebtedness	24
University Credit Facility	26
Related Organization	27
Commitments and Loss Contingencies	28
Retirement Plans	28
Postemployment Benefits	33
Degrived Supplementary Information	20

INDIANA UNIVERSITY

General

Indiana University (the "University" or "IU") is a major public research institution and one of the largest universities in the nation. It was established by the Indiana General Assembly (the "General Assembly") in 1820 as Indiana Seminary located in Bloomington. It was designated as Indiana College by the General Assembly in 1828 and became Indiana University in 1838. The University has core campuses in Bloomington and Indianapolis (Indiana University Purdue University at the Indianapolis Campus ("IUPUI")); the latter of which has satellite campuses located in Columbus and Fort Wayne. Regional campuses serving other areas of Indiana are located in Gary ("Northwest"), Kokomo, New Albany ("Southeast"), Richmond ("East"), and South Bend (collectively, "Regionals"). Indiana University offers 170 online academic programs and majors marketed through the IU Online brand. As of June 30, 2020, the various campuses of the University covered a total of 3,042 acres. The Bloomington campus is the oldest and largest campus of the University, occupying 1,944 acres, and is the primary residential campus. IUPUI is the home of the Indiana University School of Medicine, the School of Dentistry, and the School of Nursing. The University also has five global gateway locations in Thailand, China, Germany, India and Mexico that support international engagement for faculty, students, alumni and staff aiming to create new opportunities for research, partnerships, conferences, workshops, study abroad, and internships.

As of July 1, 2018, the realignment of the former Indiana University-Purdue University Fort Wayne campus became effective to better provide for educational interests and economic growth in northeast Indiana. IU Fort Wayne manages the health science programs and related admissions. Prior to that time, Fort Wayne students could seek IU related coursework. Unless specified with this document, campus information before July 1, 2018 excludes the Fort Wayne campus.

As of fall 2017, Indiana University changed official census enrollment to exclude high school students who are taking college courses simultaneously, which is referred to as dual credit. For the fall semester of 2020 the University's headcount enrollment was 92,536. The University's total full time equivalent enrollment for the fall semester of 2020 was 80,559.

COVID-19 Pandemic

SARS-CoV-2 (commonly referred to as "COVID-19"), a respiratory disease caused by a strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization as of March 11, 2020 and continues to affect the world, including the United States and Indiana. The Pandemic is having an ongoing impact on the University's operations and its financial condition, the extent of which will depend on future uncertain developments, including its duration. Tuition and fee revenue may be negatively impacted by changes to enrollment and/or the ability to hold classes in person on the University's campuses. Auxiliary revenues (housing/dining, athletics and parking) have been and are likely to be adversely affected and appropriations from the State of Indiana may decline. Cost savings measures have been implemented, including hiring and pay freezes, the deferral of University funded non-essential capital projects, and an overall five percent decrease to general fund budgets in the fiscal year ending June 30, 2021. See "Facilities/Services", "Faculty and Staff", "Student Quality", "Student Enrollment", "Tuition and Fees", "Student Financial Assistance", "State Appropriations to the University", "Research", "Capital Plan", and "Commitments and Loss Contingencies". Athletics revenues may also be adversely affected due to a loss of media and ticket revenue. Donations and research activities may be adversely impacted as well. Since August 2020, the University has been conducting extensive testing and contact tracing to quickly identify outbreaks in order to protect students, faculty, and staff as well as adjusting University operations as necessary. The University makes no further representations regarding the operational impact of the Pandemic on the University or its financial position for fiscal 2021 or beyond. During the fiscal year ended June 30, 2020, the University was allocated approximately \$60 million from higher education relief under the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), half of which has been or will be allocated to students as aid grants. Through June 30, 2020, the University had claimed approximately \$49 million of the CARES Act funding, which is already reflected under the audited financial report of the University as of June 30, 2020 (see "Financial Operations of the University - Statement of Revenues, Expenses and Changes in Net Position"). The University expects to claim the remainder within fiscal year ending June 30, 2021.

The calendar for the 2019-2020 academic year was affected by the Pandemic. For the spring 2020 semester, beginning March 14, 2020, post spring break, all courses became online for the remainder of the Spring 2020 semester and for the Summer 2020 session.

The planned academic calendar for the 2020-2021 academic year is as follows. The fall semester instruction is a combination of in-person and online which began on August 24, 2020 and will continue through December 20, 2020 with no fall break. The spring semester is planned to run from January 19, 2021 until May 9, 2021 with no spring break. There will be an online-only instruction period from Thanksgiving Break through February 7, 2021. Each campus will have the flexibility to finish fall semester courses, begin spring semester courses, or create new intensive courses that use either or both the December and January online periods. As of fall 2020, research activities are ongoing. The University has taken and continues to take extensive public health measures to try to mitigate the potential impacts of COVID-19 to students, faculty, and staff. The University may change its academic calendars as necessary. The University disclaims any intention or obligation to update or revise any information related to COVID-19 Pandemic, whether as a result of new information, future events or otherwise.

The website (https://covid.iu.edu/) provides COVID-19 information related to the University. The University will continue to closely monitor the COVID-19 situation and has and will adjust its policies and practices as needed, including testing and contact tracing. The University has fully complied and will continue to fully comply throughout the duration of the Pandemic with guidance that has been and may be forthcoming from the United States Department of Health and Human Services, including the Centers for Disease Control and Prevention, as well as other federal, state and local officials.

Forward-looking Statements

Certain information contained in this document, including in particular, that titled "Covid-19 Pandemic," "Student Enrollment," "Tuition and Fees - Student Budget," "Operating Budget and Related Procedures," "State Appropriations to the University," and "Capital Plan" and under the financial report accompanying this document — "Management Discussion and Analysis", contains "forward-looking statements" based on current expectations, estimates, forecasts and projections about and assumptions made by the University. These forward-looking statements may be identified by the use of forward-looking terms such as "may," "will," "expects," "believes," "anticipates," "plans," "estimates," "projects," "targets," "forecasts," and "seeks" or the negatives of such terms or other variations on such terms or comparable terminology. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that could cause actual outcomes and results to differ materially. These risks and uncertainties include demographic changes, demand for higher education services and other services of the University, competition with other higher education institutions and general domestic and international economic conditions including those of the state of Indiana (the "State"). Additionally, certain information contained in this document titled "Commitments and Loss Contingencies" "Financial Operations of the University," "Physical Plant - Capital Assets, Net," "Postemployment Benefits," "Related Organization," "Required Supplementary Information," "Retirement Plans," and "Risk Management" is from current and/or prior audited IU financial reports. The "Indiana University Foundation - Indiana University Foundation Financial Summary" is from the Indiana University Foundation or the current and/or prior audited financial reports of the Indiana University Foundation (the "Foundation"). The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates. The University disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Academic Colleges, Schools & Divisions of the University

The University offers courses in the arts, humanities, social, behavioral, physical and life sciences, and professional fields. Many courses are available in online and hybrid formats. Additional programs include military science, professional practice, and special summer session programs. IU is home to renowned business and music schools, the world's first school of philanthropy, the nation's first school of informatics and largest medical school.

University Schools, Colleges and Divisions 1

Bloomington

College of Arts and Sciences

Eskenazi School of Art, Architecture + Design

Hamilton Lugar School of Global and

International Studies The Media School Hutton Honors College

Jacobs School of Music

Kelley School of Business Luddy School of Informatics, Computing, and

Engineering Maurer School of Law

Paul H. O'Neill School of Public and

Environmental Affairs School of Education

School of Medicine - Bloomington

School of Nursing School of Optometry

School of Public Health - Bloomington

School of Social Work University Division University Graduate School

IUPUI

Herron School of Art and Design

Honors College IU-Fort Wayne

Richard M. Fairbanks School of Public Health

School of Dentistry

School of Health and Human Sciences School of Medicine – Fort Wayne

School of Nursing School of Social Work

IUPU-Columbus

Division of Business Division of Education Division of Health Sciences Division of Liberal Arts Division of Science Honors Program

University College University College

Kelley School of Business

Lilly Family School of Philanthropy Paul H. O'Neill School of Public and

Environmental Affairs

Richard M. Fairbanks School of Public Health

Robert H. McKinney School of Law

School of Dentistry School of Education

School of Engineering and Technology (Purdue)

School of Health and Human Sciences

IUPUI continued

School of Informatics and Computing

School of Liberal Arts

School of Medicine - Indianapolis

School of Nursing School of Science ² School of Social Work University College University Graduate School

East

School of Business and Economics

School of Education

School of Humanities and Social Sciences

School of Informatics

School of Natural Science and Mathematics

School of Nursing School of Social Work

Kokomo

Division of Allied Health Sciences

School of Business School of Education

School of Humanities and Social Sciences

School of Nursing School of Sciences

Northwest

College of Arts and Sciences

School of the Arts

College of Health and Human Services School of Medicine - Gary

School of Nursing

School of Public and Environmental Affairs

School of Social Work School of Business and Economics

School of Education

South Bend

College of Liberal Arts and Sciences Ernestine M. Raclin School of the Arts Judd Leighton School of Business and

Economics

School of Education

School of Medicine - South Bend

School of Social Work

Vera Z. Dwyer College of Health Sciences

Southeast

School of Arts and Letters School of Business School of Education School of Natural Sciences School of Nursing School of Social Sciences

¹ The Indiana University School of Medicine also operates in Evansville, Muncie, Terre Haute and West Lafayette.

² Provides either Indiana University or Purdue University degree offerings

Authorized Degree Programs and Degrees Conferred

For the 2019-2020 academic year, 928 Indiana University degree programs, including some offered through online education, were authorized and implemented on the University's campuses. Four-year programs leading to baccalaureate degrees account for 435 programs. Advanced degrees (doctoral and professional) and master's degrees account for 475 programs. Associate degrees account for 18 programs.

During the 2019-2020 academic year ended, the University awarded a total of 22,915 degrees consisting of 15,583 bachelor's degrees, 5,028 master's degrees, 2,144 professional and doctoral degrees, and 160 associate degrees.

Accreditations and Memberships

At Indiana University, each campus is fully accredited by the Higher Learning Commission. Indiana University Bloomington is a member of the Association of American Universities.

The Board of Trustees of the University

The University is governed by a nine-member Board of Trustees ("Trustees"), which under Indiana statutes has policy and decision-making authority to carry out the programs and missions of the University. Five of the members of the Board of Trustees are appointed by the Governor for three year terms. Three trustees are elected by the alumni of the University for three year terms, with one alumnus trustee being elected each year. One trustee position must be a full-time student of the University, who is appointed by the Governor for a two year term. Certain officers of the Board of Trustees are not members.

The current members and officers of the Board of Trustees are listed below:

Board of Trustees Members			
MaryEllen Kiley Bishop	Attorney/Partner, Cohen, Garelick and Glazier		
W. Quinn Buckner	Vice President of Communications, Pacers Sports and Entertainment		
Molly C. Connor	Law School student, IU McKinney School of Law, Indianapolis		
Harry L. Gonso	Attorney/Partner, Ice Miller LLP (Retired)		
Michael J. Mirro	Physician (Retired), Parkview Physicians Group; Co-director, Midwest Alliance for Health Education; Medical Director, Parkview Mirro Center for Research and Education, Mirro Center for Research and Innovation		
James T. Morris	Vice Chairman, Pacers Sports and Entertainment; President (former), Lilly Endowment; Executive Director (former), United Nations World Food Programme; Chairman and CEO (former), IWC Resources Corporation and Indianapolis Water Company		
Patrick A. Shoulders ¹	Attorney/Partner, Ziemer, Stayman, Weitzel & Shoulders		
Donna B. Spears	Associate Broker, Coldwell Banker.		
Melanie S. Walker	Chief Executive Officer, Tsuchiya Group North America; President, TASUS Corporation		

¹ The election of a new member of the Indiana University Board of Trustees has been postponed by one year, until June 2021. Trustee Shoulders' term has been extended by one year.

Board of Trustees Officers		
Michael J. Mirro	Chair of the Trustees	
Patrick A. Shoulders	Vice Chair of the Trustees	
Donald S. Lukes	Treasurer of the Trustees	
John A. Sejdinaj	Assistant Treasurer of the Trustees	
Deborah A. Lemon	Secretary of the Trustees	
Jacqueline A. Simmons	Assistant Secretary of the Trustees	

Administrative Officers of the University

As the chief executive of the University, the President is appointed by the Trustees and is responsible for the operation of the entire University within the framework of policies approved by the Trustees. The President is responsible for accomplishing the objectives of the University, for determining missions and priorities for its various units, and for the effective and efficient planning, use, and management of its resources. The following is a list of University officers.

Michael A. McRobbie ¹	President
John S. Applegate	Executive Vice President for University Academic Affairs
Jay L. Hess	Executive Vice President for University Clinical Affairs
Nasser H. Paydar	Executive Vice President and Chancellor, IUPUI
Lauren K. Robel	Executive Vice President and Provost, Indiana University Bloomington
Hannah Buxbaum	Vice President for International Affairs
Fred H. Cate	Vice President for Research
Scott Dolson	Vice President and Director of Intercollegiate Athletics
Karen Ferguson Fuson	Vice President for Communications and Marketing
Rob Lowden	Vice President for Information Technology and Chief Information Officer
Thomas A. Morrison	Vice President for Capital Planning and Facilities
John A. Sejdinaj	Vice President and Chief Financial Officer
Jacqueline A. Simmons	Vice President and General Counsel
William B. Stephan	Vice President for Government Relations and Economic Engagement
John Whelan	Vice President for Human Resources
James C. Wimbush	Vice President for Diversity, Equity, and Multicultural Affairs
Kathryn Cruz-Uribe	Chancellor of Indiana University East
Susan Elrod	Chancellor of Indiana University South Bend
Ken Iwama	Chancellor of Indiana University Northwest
Susan Sciame-Giesecke	Chancellor of Indiana University Kokomo
Ray Wallace	Chancellor of Indiana University Southeast

¹ See "Michael A. McRobbie" withing this section regarding President McRobbie's planned retirement announcement.

The following are President Emeriti of the University, with most recent listed first:

Adam W. Herbert	President Emeritus of the University
Thomas Ehrlich	President Emeritus of the University

These are brief biographical sketches of certain officers:

MICHAEL A. MCROBBIE – Michael A. McRobbie is one of the longest serving current presidents of a major American research University, having been president of IU since 2007. Under his leadership, IU has seen a comprehensive academic restructuring of the University, as well as record growth in external research funding, construction, student quality, diversity, international engagement, online instruction, and private fund-raising through IU's Bicentennial Campaign, which raised nearly \$3.9 billion. McRobbie moved to the United States in 1997 as IU's first Vice President for Information Technology and CIO. He later served as IU's Vice President for Research and as Provost and Vice President for Academic Affairs. At IU, he is also a professor of computer science and of philosophy, with numerous publications and books. He holds or has held many senior positions in higher education in the United States and the past chair of the Association of American Universities—the top 65 research universities in the United States and Canada. He is also past chair of the Big Ten Athletics Conference and Internet2.

A native of Australia who became a U.S. citizen in 2010, McRobbie earned a Bachelor of Arts degree from the University of Queensland and a Doctoral degree at the Australian National University. He has received honorary degrees from six universities, including the Australian National University, where he also had a distinguished career as an administrator and a researcher in many areas of information technology and mathematical logic. McRobbie was a co-founder of the high-performance broadband Asia Pacific Advanced Network, which supports the research and education community all across the Asia-Pacific region. He is a fellow of the American Academy of Arts and Sciences, the American Association for the Advancement of Science, and the Council on Foreign Relations. He has been awarded two Sagamores of the Wabash – one from former governor Mitch Daniels and one from Governor Eric Holcomb. In 2012, he was listed as one of America's 10 most popular university presidents. In 2014, he received the Anti-Defamation League's "Man of Achievement Award," which recognizes individuals who have demonstrated exceptional commitment to community, justice, and equal opportunity. In 2016, he received the International Citizen of the Year award for his contributions to the globalization of Indiana.

The Board of Trustees began planning for McRobbie's transition early in calendar year 2020 and formed a Presidential Search Committee to conduct a national search for McRobbie's successor in mid-August 2020. Trustee Walker (Chair of the Finance, Audit and Strategic Planning Committee) serves as Presidential Search Committee chair and the remainder of the committee was appointed by Board of Trustees Chair Mirro. A search advisory committee was also appointed to obtain input from University constituents. IU has also retained a search firm to assist. The search committee's intent will be to have a new leader in place when McRobbie leaves office on June 30, 2021.

JOHN A. SEJDINAJ – John Sejdinaj was named Vice President and Chief Financial Officer of the University in August 2016. Sejdinaj provides leadership for the management of (a) the Controller's Office, which includes Financial Management Services (external financial reporting, tax compliance, cost accounting, cash control, general ledger operations, accounts payable and payroll); (b) Procurement Services, which includes Indiana University Purchasing Department, Travel Management Services, Business Diversity; (c) the Office of the Treasurer, which includes Capital Finance, Financial Literacy, Insurance and Loss Control, Investments, Treasury Operations, and University Bursar; and (d) University Budget Office. Before joining the staff of Indiana University, Sejdinaj was Vice President for Finance at the University of Notre Dame. He also served in various financial roles in budgeting, treasury, capital planning and investments at Notre Dame. Throughout his career, Sejdinaj improved business processes, developed financial strategies, and enabled financial staff to support academic and administrative units. Before Notre Dame, he enjoyed a successful career in banking and investment banking. Sejdinaj earned his bachelor's degree from Notre Dame and a Master of Business Administration degree from DePaul University.

DONALD S. LUKES – Donald Lukes was named Treasurer of the University in July 2015 and Treasurer of the Trustees effective August 2015, after previously serving as Associate Vice President & Associate Treasurer since April 2014 and Assistant Treasurer of the Trustees since August 2014. Lukes is responsible for Capital Finance, Financial Literacy, Insurance and Loss Control, Investments, Treasury Operations, and University Bursar. Before joining the staff of Indiana University, Lukes spent ten years in the energy and utility industry where he had various roles including directing treasury operations, debt and acquisition financing, and insurance as well as managing business development efforts. Lukes also has four years' experience in public accounting and is a Certified Public Accountant. Lukes graduated with a B.S. in Accounting and an M.B.A. in Finance and Strategic Management from the IU Kelley School of Business.

Facilities/Services

Square Footage of Facilities As of fall 2020, there were 853 buildings on the IU campuses, excluding Fort Wayne, encompassing 34.5 million gross square feet, of which approximately 20.2 million square feet are assignable to operating units. As of fall 2019, there were 823 buildings on the IU campuses, excluding Fort Wayne.

Library Facilities The University's library system serves all campuses with separate collections as well as interlibrary loan programs. As of June 30, 2020, the library system holdings included 14.9 million volumes. The University's libraries are open to residents of the State as well as University faculty and staff.

The Lilly Library on the Bloomington campus, currently undergoing a major renovation primarily funded by a Lilly Endowment grant, houses the University's collections of rare books and manuscripts. Its holdings number more than 475,000 books, over 8,500,000 manuscripts and 150,000 pieces of sheet music.

Information Technology Services University Information Technology Services ("UITS") is responsible for the continued development of a high-performance computing and communications infrastructure and the information technology environment that contains tools and services that support the University's academic, research, and administrative work, including a high-speed campus network with wireless access; central web hosting; tools and support for instruction and research; supercomputers for data analysis and visualization; thousands of virtual servers in the state-of-the-art, disaster-resistant Data Center; and hundreds of public-access, Internet-connected workstations. Interconnecting these resources is a high-speed statewide fiber optic network connecting all University campuses. The network is connected to national and international research and education networks, such as the Internet2 Network. UITS has offices at IU Bloomington, IUPUI, IU East, IU Kokomo, IU Northwest, IU South Bend, and IU Southeast, and employs approximately 1,000 highly trained professionals to support and expand the University's information technology capabilities. UITS is composed of six divisions: Research Technologies; Learning Technologies; Client Services and Support; Enterprise Systems; Networks; and Health Services, all working together to support the University community in its use of information technology. UITS reports to the Office of the Vice President for Information Technology and Chief Information Officer, which provides leadership for the continued development of information technology at IU.

Research Facilities When all courses became online for the latter half of the Spring 2020 semester (see "COVID-19 Pandemic,"), only essential activities, including some research, were continuing on University campuses and were not resumed until fall 2020, so utilization of research facilities was affected.

As of fall 2020, the University had approximately 1.0 million assignable square feet of laboratories and service areas used for research purposes, primarily on the Bloomington and IUPUI campuses. The nature and function of this research space ranges from highly specialized to broad multi-disciplinary uses, with an emphasis on life and medical sciences.

Housing/Dining Facilities Due to the COVID-19 Pandemic, and IU's requirement to de-densify campuses and housing, occupancy has been affected. When all courses became online for the latter-half of the Spring 2020 semester (see "COVID-19 Pandemic"), residents were asked to vacate on campus housing if they had the option of housing elsewhere. The University provided credits to students for room and board for the remaining portion of the Spring 2020 semester. No housing was provided for the summer session. Housing/dining facilities reopened for the Fall 2020 semester on a de-densified basis.

All undergraduate first-year students on the Bloomington campus are required to live in on-campus housing facilities, unless an exemption is granted. Only University owned properties rather than those leased from third party are reported and residence halls are based on beds. As of fall 2019, the Bloomington campus had residence hall capacity of 8,680 units and apartment housing capacity of 1,040 units with combined residence hall and apartment housing occupancy of 100%. As of fall 2020, the Bloomington campus had de-densified capacity of 11,149 units in residence halls and 902 units in apartments with combined de-densified occupancy of 86%. As of fall 2019, the residence facilities on the IUPUI campus had capacity of 2,332 units, through a combination of apartment style housing, traditional co-ed residence halls, and townhouses. As of fall 2020, the residence facilities on the IUPUI campus had de-densified capacity of 1,662 units. As of fall 2019, occupancy in IUPUI campus housing was 100%. As of fall 2020, de-densified occupancy in IUPUI campus housing was 100%. As of fall 2019, the South Bend campus

had capacity of 388 units with housing occupancy at 97%. As of fall 2020, the South Bend campus had de-densified capacity of 308 units with housing occupancy at 86%. As of fall 2019, the Southeast campus residence halls had capacity of 395 units with housing occupancy at 100%. As of fall 2020, the Southeast campus residence halls had dedensified capacity of 252 units with housing occupancy at 87%. The combined not de-densified occupancy of all campus owned housing was 100% for fall 2019 and 69% for fall 2020 based on an increased capacity from 12,835 in fall 2019 to 15,164 in fall 2020. On the Bloomington campus, this increased capacity is based on completions of renovations of Foster Quad, McNutt Quad and Teter Quads. There is ongoing construction on the Bloomington campus for the North Housing Addition of an approximate 700 bed residence hall and a dining facility which was previously financed by bonds. There is an ongoing renovation of the Ball Residence Hall on the IUPUI campus. All are anticipated to be complete by fall 2021. Other Regionals have no student residence facilities.

On the Bloomington campus, as of fall 2020, approximately 6,771 undergraduate students participated in Sorority and Fraternity Life in 34 fraternities and 33 sororities, with 20 fraternities and 20 sororities providing oncampus housing for 1,950 of their members.

Parking Facilities Parking space is provided for faculty, staff, students and visitors on all University campuses. Use of all parking areas and parking facilities is generally limited to paid permit holders, except for those garages and surface lots provided for visitors that are controlled by daily parking rates. Parking is available at twenty-one garages on four campuses and at various surface lots on all University campuses.

Athletic Facilities Indiana University's Bloomington campus is home to the 52,626-seat Memorial Stadium for football which includes Wilkinson Performance Center, recently completed Terry Tallen Indiana Football Complex which includes a new football locker room, training room, and team lounge, Shuel Academics Center and the Excellence Center in the South End Zone along with 17,222-seat Simon Skjodt Assembly Hall for basketball. Additional facilities include Andy Mohr Field, Bart Kaufman Field, Bill Armstrong Stadium (Jerry Yeagley Field), Cook Hall, Counsilman-Billingsley Aquatic Center, Gladstein Fieldhouse, Henke Hall of Champions, IU Cross Country Course, IU Field Hockey Complex, John Mellencamp Pavilion, Robert C. Haugh Track & Field Complex (Hayes Track), varsity soccer practice fields, and varsity tennis outdoor courts. The athletics program recently completed the Pfau Golf Course 18-hole Championship configuration and driving range and an approximately 3,000-seat multisport gymnasium called Wilkinson Hall for volleyball and wrestling competitions and other sports practices. A new two-story north grandstand facility for men's and women's soccer, the Jerry F. Tardy Center at Armstrong Stadium which provides elite training, meeting and team room spaces, was completed in summer 2020. The IUPUI campus is home to the IU Natatorium and the Michael A. Carroll Track, Soccer Stadium, and other athletic facilities. Other Regionals have various athletic facilities.

When all courses became online for the latter-half of the Spring 2020 semester (see "COVID-19 Pandemic"), athletic preparation and events were suspended. The Big Ten Conference initially postponed all fall 2020 sports and determined to restart fall sports in late October 2020, so utilization of athletic facilities was affected.

Other Facilities Some of the University's other facilities include extensive science and medical teaching laboratories; observatories; television and radio studios; music, theatre, and performance facilities; fine art studios; museums of art and archaeology; and Bradford Woods – a 2,500 acre outdoor educational facility and Research and Teaching Preserve, which was excluded in the 3,042 on-campus acreage reported.

Faculty and Staff

The following table shows the Full Time Equivalent ("FTE") Faculty and Staff of the University for the years shown:

Full Time Equivalent Faculty and Staff ¹				
Fall Semester	Instructional Faculty and Administrators ²	Staff ³	Total FTE	
2016	6,102	12,684	18,786	
2017	6,167	12,949	19,116	
2018	6,325	13,241	19,566	
2019	6,464	13,364	19,828	
2020	6,522	13,172	19,694	

Source: University Institutional Research and Reporting

The percentages of faculty at the University's Bloomington and IUPUI campuses who had tenure were 74% and 81%, respectively, as of the fall semester of 2020. Percent of tenured faculty is calculated by dividing the number of full-time faculty and administrators who are tenured by the total number of full-time faculty and administrators who are eligible for tenure. As of the fall semester of 2020, 98% of Bloomington campus faculty (including visiting faculty) and academic administrators with professional rank held a doctoral or professional degree. This percentage was 91% at IUPUI and 89% at the other campuses.

Indiana University recognizes four employee unions, which include: the International Alliance of Theatrical Stage Employees ("IATSE") for stagehand employees on the Bloomington campus; the American Federation of State, County and Municipal Employees ("AFSCME") Service Staff, for certain custodian, craft, maintenance and food service personnel on the Bloomington, IUPUI, and South Bend campuses; AFSCME Police for certain police officers on the Bloomington, IUPUI, East, Kokomo, Northwest, South Bend, and Southeast campuses; and the Communications Workers of America ("CWA") for certain clerical, technical, and support personnel on the Bloomington and Northwest campuses. In total, these four employee unions currently provide exclusive representation to over 3,000 University employees across all campuses, excluding Fort Wayne. University administration meets and confers with each union about specific working conditions under the framework of "Conditions for Cooperation," a policy statement adopted by the Trustees, but does not negotiate collective bargaining agreements. As an instrumentality of the State, the University and its employees are not subject to the provisions of the National Labor Relations Act, as amended, but are governed by State law, which prohibits strikes by public employees. Each union's status as exclusive representative of certain University employees is conditioned upon their disavowal of the right to strike in accordance with such law and Trustees policy.

As part of the COVID-19 University response, all University employees were paid through the end of the fiscal year ended June 30, 2020, or the end of their contract, as applicable. Cost savings measures have been implemented for the fiscal year ended June 30, 2021, including hiring and pay freezes.

Student Quality

For fall 2020, of University beginning students, 83.5% ranked in the upper 50% of their high school class, 49.6% ranked in the upper 25% of their high school class, and 21.1% ranked in the top 10% of their high school class. For fall 2020, of Bloomington campus beginning students, 94.1% ranked in the upper 50% of their high school class. During the same period, 65.7% of beginning students ranked in the upper 25% of their high school class, and 32.3% of beginning students ranked in the top 10% of their high school class.

¹ Prior to July 1, 2018, IU faculty and staff at the Fort Wayne campus were excluded from this report.

² Instructional Faculty and Administrators are defined as Academic Staff who are Tenure/Tenure Track Faculty, Non Tenure Track Faculty and Executive/Administrators with faculty status.

³Staff are defined as Academic Professionals, Executive/Administrators without faculty status, and Support Staff: Professional, Administrative (secretarial/clerical), Functional (paraprofessional/technical), and Infrastructure (skilled crafts, service/maintenance). University employees represented by unions are a subset of the reported staff figure.

During its December 2019 meeting, the IU Board of Trustees approved a change in policy allowing each IU campus the option to adopt a test-optional admissions policy. As of spring 2020, more than 1,050 public and private colleges and universities have allowed for this change due to various reasons. Substantially more applicants submit Scholastic Aptitude Test ("SAT") scores rather than American College Testing ("ACT") scores with 78.1% of IU applicants for fall 2020 submitting SAT scores. The following table shows the average math and verbal score on the SAT over the past five years for all beginning students new to the University, regardless of class, and excluding transfer students to the University, as compared to the national average math and verbal composite:

Undergraduate Beginner Average SAT Scores 1, 2, 3

Indiana University			National			
Fall Semester	Historic Scale	Fall 2017- 2018 Scale	Current Scale	Historic Scale	Fall 2017- 2018 Scale	Current Scale
2016	1072	1149	NA	1002	NA	NA
2017	NA	1153	NA	NA	1060	NA
2018	NA	1160	NA	NA	1068	NA
2019	NA	NA	1163	NA	NA	1059
2020	NA	NA	1156	NA	NA	1051

Source: University Institutional Research and Reporting

Student Admissions

Of Indiana University's total fall 2020 degree-seeking enrollment, students come from all 50 states, Washington D.C., US Territories, and 167 foreign countries. Students from Indiana make up 69% of the student population. Out-of-state students make up 21% of the student population and students from foreign countries make up 10% of the student population.

¹ For fall 2019, the College Board SAT test structure changed to the current SAT test scale ("Current Scale"). Prior to the Current Scale, in March 2016, the College Board SAT test structure changed the SAT test scale ("Fall 2017 – 2018 Scale"). Prior to either the Current Scale or the Fall 2017 – 2018 Scale is referred to as the "Historic Scale" and conversion between scales is shown for Indiana University to allow for comparison. Indiana University scores were converted to the Current Scale using the official College Board conversion scale.

² Fall 2016 was based on a 1600-point scale for math and verbal.

³ As of fall 2020, IU Bloomington, IU Kokomo, IU Northwest, and IU Southeast are test-optional. Many applicants already submitted their test scores by November 1, 2019, which was the early action (non-binding) deadline for fall 2020 to receive highest scholarship consideration on the Bloomington campus. As of spring 2021, IUPUI and its satellite campuses in Columbus and Fort Wayne, IU East and IU South Bend are test-optional. IU became test-optional to increase access and equity among low- and middle-income students, first-generation students, and underrepresented minorities. Also, some applicants felt that their standardized test scores did not accurately reflect their academic potential. Additionally, there were some challenges related to standardized test administration because of the COVID-19 Pandemic.

The following table sets forth the total number of beginning student applications received, applications accepted, percent accepted, and the percent of acceptances for beginning students who enrolled. These numbers are aggregate numbers, combined for all campuses.

Undergraduate Applications and Enrollment	\mathbf{s}^{1}
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Fall Semester	Applications Received	Applicants Accepted	Percent Accepted	Percent of Accepted Enrolled
2016	57,037	43,919	77.0	34.1
2017 ²	62,681	48,035	76.6	32.5
2018^{3}	69,974	54,653	78.1	29.1
2019 4	70,873	55,212	77.9	29.3
2020	72,415	58,039	80.1	25.9

Source: University Institutional Research and Reporting

Student Enrollment

Headcount enrollments ("HC") for Bloomington, IUPUI and Regionals of the University for the fall semester are shown in the following table.

Fall Semester	Bloomington	IUPUI ²	Regionals	Total Enrollment IU Campuses
2016	43,698	29,804	21,683	95,185
2017	43,710	29,791	21,197	94,698
2018	43,503	29,579	21,162	94,244
2019	43,260	29,537	20,781	93,578
2020	43,064	29,390	20,082	92,536

Source: University Institutional Research and Reporting

¹ Figures reflect all beginning students new to the University, regardless of class, excluding transfers. Beginning students are defined by their matriculation in the fall, or the preceding summer session, as degree-seeking students. Students who began taking college level coursework while in high school and are enrolled as a traditional beginning student during the fall or the preceding summer session are also included. This methodology is consistent with external reporting requirements.

² As of August 2016, applicants to IU Bloomington apply electronically via "Apply IU", Common Application, or Coalition Application. The Common Application is used by more than 700 colleges and universities in the United States and around the world. The Coalition Application makes use of a centralized toolkit populated by high school students to submit their college applications and is used by more than 100 public and private United States universities and colleges. The Bloomington campus had its first full year of adoption within the academic year ended 2018.

³ Beginning in fall 2018, IU includes IU Fort Wayne. Information prior to fall 2018 does not include Fort Wayne.

⁴ As of fall 2019, applicants to IUPUI may apply electronically via "Apply IU" or the Common Application.

¹ As of fall 2017, Indiana University changed official census enrollment to exclude high school students who are taking college courses simultaneously, which is referred to as dual credit. This change affected Bloomington and Regionals. The IUPUI campus uses a program referred to as Special Programs for Academic Nurturing ("SPAN"), in which high school students pay full price and are and will continue to be reflected in census. In preparation for the dual-credit enrollment process change, prior years' data through fall 2016 used a more generic definition which excluded all high school students. Fall 2016 exclude high school students and fall 2017 forward excludes Advanced College Program ("ACP") students.

² Beginning in fall 2018, IU included IU Fort Wayne in IUPUI and Enrollment IU Campuses enrollment statistics consistent with how the satellite campus IUPU-Columbus has been reported.

³ Regionals and Total Enrollment IU Campuses data prior to fall 2018 does not include the Fort Wayne Campus. Before the realignment on July 1, 2018 Fort Wayne students could take IU related coursework with 6,104 students showing within total headcount enrollment for 2017, which are no longer shown above. Total Enrollment IU Campuses reflects only IU students and IU administered campuses.

Projected headcount enrollments for Bloomington, IUPUI and Regionals of the University for the fall semesters are as shown in the following table.

Projected Headcount Enrollment by Campus 1,2	, 3
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Fall Semester	Bloomington	IUPUI	Regionals	Total Enrollment IU Campuses
2021	43,290	29,589	19,689	92,568
2022	43,783	29,730	19,426	92,939
2023	44,546	29,896	19,273	93,715
2024	45,772	30,300	19,311	95,383

Source: University Institutional Research and Reporting

The following table sets forth the total official and projected headcount enrollment of undergraduate and graduate and professional students, combined for all campuses, for the fall semester of the years indicated. The table also includes full-time equivalent enrollment and fiscal year credit hours taken.

Undergraduate and Graduate Headcount Enrollment, Full-Time Equivalent Enrollment and Total Fall Credit Hours Taken

Fall Semester Actual 1,3	Undergraduate Headcount	Graduate & Professional HC	Total HC Enrollment IU Campuses	Full-Time Equivalent	Fall Credit Hours
2016	75,030	20,155	95,185	82,093	1,199,662
	*	· · · · · · · · · · · · · · · · · · ·	,	,	
2017	74,606	20,092	94,698	82,127	1,200,258
2018	73,738	20,506	94,244	81,870	1,196,030
2019	73,128	20,450	93,578	81,430	1,189,828
2020	72,047	20,489	92,536	80,559	1,177,271
Projected ²					
2021	71,809	20,759	92,568	81,602	1,176,544
2022	72,266	20,673	92,939	82,047	1,183,394
2023	72,992	20,723	93,715	82,888	1,195,879
2024	74,675	20,708	95,383	84,463	1,219,554

Source: University Institutional Research and Reporting

Students participating in online education are included in the section Student Enrollment presented above for which they are reported under their respective enrolled campuses. The following table shows the online participation over the past five years.

¹ The projections presented in this table were prepared based on the Fall 2020 Enrollment Study. No representation can be made as to the ability of the University to achieve these projections. See "COVID-19 Pandemic".

² The figures shown within the Total Official Headcount Enrollment by Campus table were used as the basis for the Fall 2019 Enrollment Study.

³ Indiana University did not historically estimate IU students at the Fort Wayne campus. However, due to more direct administration of certain programs (e.g. Nursing, Dental Education, Medical Imaging, and Social Work) beginning in fall 2018, IU includes IU Fort Wayne in IUPUI and Enrollment IU Campuses enrollment projections for the above mentioned programs.

¹ Fall 2016 excludes high school students and fall 2017 excludes ACP students. This affects Undergraduate, Enrollment IU Campuses, Full-Time Equivalent and Fall Credit Hours.

² The projections presented in this table were prepared based on the Fall 2020 Enrollment Study. No representation can be made as to the ability of the University to achieve these projections. See "COVID-19 Pandemic".

³The figures shown within the tables for fall 2015 through fall 2018 were used as the basis for the Fall 2019 Enrollment Study. The Fall 2019 Enrollment Study projects FTE enrollment in accordance with the Indiana Commission for Higher Education definition treating all doctoral, professional, or master's seeking students as graduates taking a standard course load of 12 credit hours per term. IU's official term enrollment reports treat professional-practice graduates as taking a standard course load of 15 credit hours per term and professional-research graduates as taking a standard course load of 12 credit hours per term.

Total Students	Enrolled in	Distance	Education ¹
TOTAL STRUCKINS	raironea in	пляние	ranicalion

				Total HC		
Fall	Bloomington	IUPUI	Regionals	Enrollment	Full-Time	Fall Credit
Semester	Headcount	Headcount	Headcount	IU Campuses	Equivalent	Hours
2016	6,199	10,591	10,110	26,900	8,794	126,570
2017	7,490	11,179	10,596	29,265	9,694	139,557
2018	7,814	11,620	11,209	30,643	10,348	148,722
2019	8,537	12,209	11,474	32,220	10,861	156,153
2020	40,078	26,072	18,048	84,198	55,517	815,222

Source: Office of Online Education

Tuition and Fees

Tuition and Fees are typically set following the State's adoption of its biennial budget in the spring prior to the biennium and are expected to be established in the fourth quarter of fiscal year 2021. The University divides the academic year into two academic semesters and an additional summer session. During the 2020-2021 academic year, there will be an online-only instruction period from Thanksgiving Break through February 7, 2021 which is included in the flat tuition rates shown. See "COVID-19 Pandemic". Tuition, fees and other costs of attending the University vary by campus and curriculum. Educational costs charged include instructional fees, fees associated with specific courses and/or academic programs, and room and board (if the student lives on campus). In addition, individual campuses charge other mandatory fees to support certain services. Payments may be made in full by a specified date or students may make partial payments with subsequent installments over the semester or session, depending on the plan offered, for a small service charge.

Regular Instructional Fee Rates The Trustees approve tuition and fee rates for on-campus classes on a biennial basis. The following two tables indicate tuition and fees for undergraduate and graduate & professional students by academic year. Undergraduate students at all campuses taking between 12 and 18 hours are assessed a banded instructional fee. Graduate students are assessed fees on a credit-hour basis, except students in the MBA, Law (J.D.), Medicine, Dentistry, and Optometry (O.D.) programs, which pay higher flat fees. All students, regardless of program or level, who enroll in classes coded as online education will be assessed a distance education course fee. These rates vary by campus and are not listed under the Undergraduate Students Tuition and Fees nor the Graduate and Professional Students Tuition and Fees tables. All fully-online student tuition rates are subject to approval of the highest level financial officer of the University, to whom such authority has been delegated by the Trustees in order that rate approval will not be bound by the biennial fee approval schedule for on-campus tuition. Amounts for "Tuition & Fees" are for full-time students for the fall and spring semester combined, including mandatory fees.

¹ Distance education includes asynchronous online and synchronous (live video) modalities.

Undergr	aduate Tuition ar	nd Required Fe	es per Student	2	
Academic Year ¹	2017	2018	2019	2020	2021
Bloomington					
Resident Tuition & Fees	\$10,388	\$10,533	\$10,680	\$10,948	\$11,221
Non-Resident Tuition & Fees	34,246	34,845	35,455	36,512	37,601
IUPUI					
Resident Tuition & Fees	9,205	9,334	9,465	9,702	9,944
Non-Resident Tuition & Fees	29,792	29,806	29,822	30,711	31,626
Regionals					
Resident Tuition & Fees	7,072	7,207	7,344	7,527	7,715
Non-Resident Tuition & Fees	18,683	19,038	19,399	19,978	20,574

Source: University Bursar

Graduate Tuition and Required Fees per Student 2 Academic Year 1 2017 2018 2019 2020 2021 Bloomington Graduate Resident Tuition & Fees \$9,996 \$10,279 \$10,563 \$10,873 \$11,193 Graduate Non-Resident Tuition & Fees 29,720 31,448 33,271 33,304 33,304 26,265 27,865 MBA Resident Tuition & Fees 25,500 27,053 27,865 47,128 51,454 MBA Non-Resident Tuition & Fees 44,460 49,955 51,454 Law Resident Tuition & Fees 31,250 32,750 34,250 35,275 36,325 Law Non-Resident Tuition & Fees 53,000 54,000 55,500 57,000 52,000 IUPUI Graduate Resident Tuition & Fees 9,396 9,527 9,662 9.947 10,239 Graduate Non-Resident Tuition & Fees 24,049 24,287 24,542 25,265 26,013 Dentistry Resident Tuition & Fees 32,695 33,676 34,686 36,767 38,973 Dentistry Non-Resident Tuition & Fees 70,740 73,923 77,250 81,885 86,798 Medicine Resident Tuition & Fees 34,019 34,496 34,979 35,503 36,036 Medicine Non-Resident Tuition & Fees 56,974 58,569 60,209 60,811 61,419 Regionals Graduate Resident Tuition & Fees 7,453 7,242 7,669 7,896 8,130 Graduate Non-Resident Tuition & Fees 16,256 16,737 17,232 17,745 18,274

Source: University Bursar

Only the general on-campus undergraduate rates for fall and spring semesters are listed. Online programs have differing rates and some programs have additional program fees.

² IUPUI and Regionals tuition & fees are based on 15 credit hours per semester.

Only general graduate rate and certain professional rates for fall and spring semesters are listed.

² Graduate/professional tuition rates are set by quality, competition, ranking and markets. They vary by program. Only general graduate rate and certain professional rates are listed.

Student Budget The following Estimated Total Cost of Attendance is being used by the Bloomington campus for financial aid considerations and represents an estimate of standard per student costs for undergraduate oncampus first-year students at the Bloomington campus for the academic year shown.

Estimated Total Cost of Attendance for the 2020-2021 Academic Year for an Undergraduate On-campus First-Year Student ^{1,2}

Cost of Attendance	Resident	Non-Resident
Instructional and Mandatory Fees	\$11,221	\$37,601
Room/Board ³	11,205	11,205
Total Direct Costs	22,426	48,806
Books/Supplies	930	930
Transportation	660	660
Personal Expenses	2,170	2,170
Total Indirect Costs	3,760	3,760
Estimated Total Cost of Attendance	\$26,186	\$52,566

Source: Office of Admissions, Indiana University Bloomington

Student Financial Assistance

Approximately 71% of the students at Indiana University receive financial aid that is processed through IU. The following table summarizes the financial aid (including parent loans) provided to IU students who were enrolled at census, or as of an end-of-year snapshot, or who received a degree in the 12-month period between September 1, 2019 and August 30, 2020. All figures include both degree-seeking and non-degree students. A substantial portion of the funds provided are derived from sources outside of Indiana University, including federal², state, and private sources. Historically, federal loans, grants and other programs have provided a large portion of student financial assistance. All programs furnished by the federal and state governments are subject to appropriation and funding by the respective legislatures. There can be no assurance that the current amounts of federal and state financial aid for students will be available in the future at the same levels and under the same terms and conditions as presently apply.

	St	udent Financial A (dollars in thou			
Award Year	2015-16	2016-17	2017-18	2018-19	2019-20
Gifts and Grants	\$600,274	\$635,693	\$673,752	\$705,772	\$711,462
Loans	553,293	539,577	526,022	513,175	512,007
Work Study	4,805	4,436	4,103	5,143	5,409
Total Financial Assistance	\$1,158,372	\$1,179,706	\$1,203,877	\$1,224,090	\$1,228,878

Source: University Institutional Research and Reporting

¹ The Tuition & Fees portion for students attending other campuses with the same residential status would be less. See "Tuition and Fees". Actual costs for room and board, books and supplies, transportation, and personal expenses vary by student, based on student choices, travel habits, and academic program.

² Total cost is based on student attendance of fall and spring semesters only.

³ All undergraduate first-year students on the Bloomington campus are required to live on campus, currently defined as residence halls, on-campus apartments, and fraternity and sorority houses. The rate shown is the most prevalent for room and board.

¹ The figures displayed above exclude funds from the federal CARES Act and institutional funds that a) were used to reimburse students for room, board, and tuition charges during the COVID-19 Pandemic, and b) have no effect on students' estimated cost of attendance and financial aid eligibility, per guidance from the U.S. Department of Education as of November 20, 2020 (see "COVID-19 Pandemic").

Financial Operations of the University

The University's fiscal year ends on June 30th. All references herein for the years 2020 and 2019 represent the fiscal year ended June 30, 2020 and 2019, respectively. The University financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB"). The University reports on a consolidated basis, with a comprehensive, entity-wide presentation of the University's assets and deferred outflows, liabilities and deferred inflows, net position, revenues, expenses, changes in net position, and cash flows. All significant intra-University transactions are eliminated upon consolidation. The University follows all applicable GASB pronouncements. Unless otherwise specified, amounts presented within the notes to financial statements are rounded to the nearest thousands.

The University reports as a special-purpose government entity engaged primarily in business-type activities, as defined by GASB. Accordingly, these financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods and services.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates. As a component unit of the State, the University is included as a discrete entity in the State of Indiana's Comprehensive Annual Financial Report.

The Statement of Revenues, Expenses and Changes in Net Position of the University, in table format for the fiscal years shown, was as follows:

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

2016	2017	2018	2019	2020
2010	2017	2016	2019	2020
\$1.402.008	¢1 452 205	¢1 497 051	¢1 514 262	\$1,547,225
				(313,068)
				398,761
•	•	•	·	•
24,437	19,088	20,886	20,875	18,102
145,893	130,447	132,693	147,701	169,254
41,358	39,422	39,244	26,962	30,768
266,032	274,003	299,324	335,984	353,611
324,447	352,214	360,043	367,810	318,924
2,256,204	2,316,022	2,385,536	2,462,476	2,523,577
, ,	, ,	, ,	, ,	, ,
1,949,096	2,009,667	2,074,590	2,148,718	2,244,665
				180,596
•				72,106
·				46,632
,				762,827
			,	ŕ
150,707	155,553	158,141	164,697	168,129
2,941,624	3,063,303	3,175,110	3,304,476	3,474,955
(685,420)	(747,281)	(789,574)	(842,000)	(951,378)
545,330	558,111	576,597	582,403	589,746
104,976	99,581	107,028		155,014
				102,199
				152,005
•			•	(30,744)
				968,220
<u> </u>	<u> </u>	<u> </u>	,	
77,840	95,972	44,273	78,075	16,842
14.844	31.083	46.239	20.047	20,036
•	-	*	•	154,599
2	4,026	225	53	2,005
27,816	58,282	68,281	32,342	176,640
105,656	154,254	112,554	110,417	193,482
3,605,629	3,711,285	3,865,539	3,782,139	3,892,556
		(105 054)		
		(190,904)		
		3 669 585		
		5,007,505		
\$3,711,285	\$3,865,539	\$3,782,139	\$3,892,556	\$4,086,038
	324,447 2,256,204 1,949,096 147,832 73,465 54,996 565,528 150,707 2,941,624 (685,420) 545,330 104,976 32,543 112,079 (31,668) 763,260 77,840 14,844 12,970 2 27,816 105,656	\$1,402,098 (246,282) (271,601) 298,221 320,054 24,437 19,088 145,893 130,447 41,358 39,422 266,032 274,003 324,447 352,214 2,256,204 2,316,022 1,949,096 2,009,667 147,832 144,186 73,465 76,121 54,996 59,967 565,528 617,809 150,707 155,553 2,941,624 3,063,303 (685,420) (747,281) 545,330 558,111 104,976 99,581 32,543 82,401 112,079 136,468 (31,668) (33,308) 763,260 843,253 77,840 95,972 14,844 31,083 12,970 23,173 2 4,026 27,816 58,282 105,656 154,254	\$1,402,098	\$1,402,098

Source: audited IU financial report for the respective fiscal year ended as shown

Net position is the residual of all other elements presented in the Statement of Net Position. Net position is classified into three major categories: (1) Net investment in capital assets consists of the University's investment in capital assets, such as equipment, buildings, land, infrastructure, and improvements, net of accumulated depreciation and related debt; (2) Restricted net position consists of amounts subject to externally imposed restrictions governing usage and is divided into two sub-categories: (a) Restricted non-expendable funds are subject to externally imposed stipulations that they be retained in perpetuity, with these balances representing the corpus (historical value) of University's permanent endowment funds, and (b) Restricted expendable funds are available for expenditure by the University, but must be spent according to restrictions imposed by third parties; (3) Unrestricted net position includes amounts institutionally designated or committed to support specific purposes.

The composition of net position for the fiscal years shown was as follows:

	_	Cotal Net Positio ollars in thousand			
Fiscal Year Ended June 30	2016	2017	2018	2019	2020
Net Investment in Capital Assets	\$2,048,226	\$2,200,168	\$2,320,100	\$2,391,112	\$2,487,799
Restricted	246,074	230,713	286,520	297,086	480,321
Unrestricted ¹	1,416,985	1,434,658	1,175,519	1,204,358	1,117,918
Total Net Position ²	\$3,711,285	\$3,865,539	\$3,782,139	\$3,892,556	\$4,086,038
Net Investment in Capital Assets	55.2%	56.9%	61.3%	61.5%	60.9%
Restricted	6.6%	6.0%	7.6%	7.6%	11.7%
Unrestricted	38.2%	37.1%	31.1%	30.9%	27.4%
Total Net Position	100.0%	100.0%	100.0%	100.0%	100.0%

Source: audited IU financial report for the respective fiscal year ended as shown; Management Discussion and Analysis,

¹ Net of scholarship allowance of \$32,023; \$35,689; \$39,775; \$42,536; and \$40,130 (in thousands) for fiscal years 2016 through 2020, respectively.

² Audited IU Financial Report fiscal year 2018, Note 1 Organization and Summary of Significant Accounting Policies, New Accounting Pronouncements: Adoption of New Standard - The GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 requires governments providing postemployment benefits other than pensions (OPEB) to recognize their unfunded actuarial accrued liability on the balance sheet and to more comprehensively and comparably measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and RSI for material items. The University reported a \$195,954,000 change in accounting principle adjustment to unrestricted net position as of July 1, 2017. Amounts as of June 30, 2017, have not been restated to reflect the impact of GASB 75 because the information is not available to calculate the impact on OPEB expense for the fiscal year ending June 30, 2017.

¹ The University's Unrestricted Net Position is the largest portion of the Available Funds balance. Available Funds are the source of payment for the University's Certificates of Participation, Lease Purchase Obligations, collectively referred to as "Obligations", Consolidated Revenue Bonds, and commercial paper (see "Available Funds" and "Indebtedness of the University").

² Audited IU Financial Report fiscal year 2018, Note 1 Organization and Summary of Significant Accounting Policies, New Accounting Pronouncements: Adoption of New Standard - The GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. GASB 75 requires governments providing OPEB to recognize their unfunded actuarial accrued liability on the balance sheet and to more comprehensively and comparably measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and RSI for material items. The University reported a \$195,954,000 change in accounting principle adjustment to unrestricted net position as of July 1, 2017. Amounts as of June 30, 2017, have not been restated to reflect the impact of GASB 75 because the information is not available to calculate the impact on OPEB expense for the fiscal year ending June 30, 2017.

Operating Budget and Related Procedures

The University adopts an operating budget for each fiscal year based on detailed budgets submitted by each of the University's responsibility centers. These budgets are reviewed by the President and senior administrative officers before final approval by the Trustees. In conjunction with its budgeting process, the University submits a biennial appropriation request to the State Budget Agency, the Indiana Commission for Higher Education and the General Assembly. The State appropriation includes various components for operations, fee replacement (a form of reimbursement of debt service from the State for debt associated with certain educational facilities), maintenance, research, public service and other special functions. For more information, see "State Appropriations to the University" below. The Trustees take into consideration the specific amounts of State appropriations authorized by the General Assembly, along with the University's budget requirements and other revenue sources when establishing student fees and other fees for each academic year.

The University has adopted a balanced operating budget for the fiscal year ending June 30, 2021. The total Fiscal 2021 operating budget for all campuses of Indiana University, is approximately \$3.8 billion. Unrestricted funds are used for instruction, research, scholarships and fellowships, student services, and other institutional support. The use of restricted funds is determined by the funding source: federal, state, or local government; private industry; or foundation support. The auxiliary fund groups have been established by the Trustees to carry out activities supporting the University's teaching, research and public service missions and include student housing, athletics, parking operations, and student unions, among other activities.

Summary of Operating Budget Fiscal Year Ending June 30, 2021 1, 2, 3, 4 (dollars in thousands)

			Auxiliary	
Campus	Unrestricted 4	Restricted 5	Enterprises	Total
Bloomington	\$1,152,301	\$207,084	\$354,546	\$1,713,931
IUPUI	1,031,301	495,068	83,671	1,610,040
Regionals	251,487	39,903	7,520	298,910
University Administration	64,265	32,765	34,348	131,377
Total	\$2,499,354	\$774,820	\$480,085	\$3,754,258

Source: University Budget Office

State Appropriations to the University

State appropriations are typically set for the biennium and are expected to be budgeted by the State in the fourth quarter of fiscal year 2021. The University has historically received, and continues to expect to receive, appropriations from the General Assembly. Operating appropriations are disbursed on a monthly basis. Other types of appropriations are generally disbursed on a quarterly or semi-annual basis. These appropriations are applied to the educational and general expenditures and certain capital construction activities of the University. 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 (the "Fee Replacement" appropriations). This appropriation is renewed on a biennial basis because the Constitution of the State prohibits a sitting General Assembly from binding subsequent General Assemblies to the continuation of any funds, including Fee Replacement appropriations. 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. The University expects that the policy of Fee Replacement appropriations will be continued in future years.

¹ Excludes capital projects, investment income not specifically budgeted as general fund support, most gifts, and scholarship allowance

² Includes IU Fort Wayne

³ The operating budget shown is as approved by the Trustees on August 14, 2020 including certain adjustments for the financial impact related to the COVID-19 Pandemic. See "COVID-19 Pandemic".

⁴ Unrestricted includes general fund and designated fund including medical practice.

⁵Restricted includes restricted fund and contracts and grants.

Per the audited Annual Financial Report Indiana University 2019-2020, the State appropriations were 15.9% of total revenues. On June 17, 2020, due to financial impacts of the COVID-19 Pandemic to the State of Indiana, the State Budget Committee approved a 7.0% reduction to the original amounts appropriated for fiscal year 2021 to Unrestricted General Operating & Restricted Special for Indiana's public institutions of higher education, including Indiana University. In comparison to fiscal year 2020 General Operating & Restricted Special appropriations, the reduction is approximately 5.7%.

The tables below present State appropriations "As Appropriated" to and "As Received" by the University for the fiscal years shown, including the unrestricted general operating and restricted special appropriations, the Fee Replacement appropriations, and the general maintenance, repair and rehabilitation and capital appropriations.

		Appropriations rs in thousands)			
Fiscal Year Ended June 30	2017	2018	2019	2020	2021 (est.)
As Appropriated					
Unrestricted General Operating & Restricted Special ¹	\$510,904	\$520,366	\$531,814	\$541,117	\$510,521
Fee Replacement ²	50,221	53,381	55,161	48,181	53,135
General Maintenance, R&R and Capital Cash	28,194	16,186	25,671	14,349	22,449
Total Appropriated	\$589,319	\$589,933	\$612,646	\$603,647	\$586,105
Fiscal Year Ended June 30	2017	2018	2019	2020	2021 (est.)
As Received Unrestricted General Operating & Restricted Special ¹	\$510,904	\$520,366	\$531,814	\$541,117	\$510,521
Fee Replacement ²	47,156	53,381	50,100	48,181	52,969
General Maintenance, R&R and Capital Cash ³	27,842	52,901	19,688	20,238	18,867
Total Received/ Anticipated to be Received	\$585,902	\$626,648	\$601,602	\$609,536	\$582,357

Source: Office of the Treasurer; University Budget Office

Research

Indiana University has earned a reputation as a world-class research institution driving innovation for over 200 years. When all courses became online for the latter-half of the Spring 2020 semester (see "COVID-19 Pandemic"), only essential activities, including some research, were continued on University campuses, so research activity was affected.

The University received \$854.5 million in public and private funding for 2,975 University proposals to support research and other activities in fiscal year 2020, up from \$680.2 million in fiscal year 2019. The awards included \$417.6 million in federal grants and contracts, which includes \$245.7 million from the National Institutes of Health and \$48.7 million from the National Science Foundation, and \$80.6 million in sponsored funding from industry. Of these research funding awards, \$549.0 million were for the School of Medicine in fiscal year 2020, up from \$433.9

¹ The general operating appropriation and line item appropriations were reduced by the State Budget Committee on June 17, 2020 for fiscal year 2021 to \$510,521,085 as shown under "As Appropriated" Unrestricted General Operating & Restricted Special. This represents a 7.0% reduction from the original "As Appropriated" for fiscal year 2021 due to financial impacts related to the COVID-19 Pandemic on the State. This same amount is shown under "As Received" 2021 (est.). See "COVID-19 Pandemic".

² The variances in "As Appropriated" and "As Received" for Fee Replacement primarily reflects issuance and refunding of student fee bonds. In FY19, IU issued Student Fee Bonds, Series Y after the principal payment date and structured for a 19-year term as agreed to with the State.

³ Reimbursement of cash expended.

million in fiscal year 2019. One-time funding under research included a non-governmental grant from IU Health of \$145.0 million toward the future Indianapolis Academic Health Center. Note awards received are based on sponsored program activity over multiple years and are unaudited.

Indiana University Foundation

The Foundation was incorporated in 1936 as a non-profit corporation, organized under the laws of the State, separate and distinct from the University. The Foundation is empowered to perform a wide range of services and conduct a variety of activities that support the University as it carries out its missions of teaching, research and public service. The Foundation conducts general and special purpose fund raising programs, receives and acknowledges gifts for the benefit of the University, administers those gifts to ensure that they are used as specified by the donor, invests those gifts intended for endowment purposes, serves as trustee for certain types of planned gift arrangements, and provides other services for the benefit of the University as requested from time to time.

The Foundation is governed by a Board of Directors, of which three members must be current members of the Trustees and one member must be the President of the University. The assets and income of the Foundation are held and accounted for separately from the funds of the University and are reported using Financial Accounting Standards Board (FASB) Accounting Standards. As of June 30, 2020, the assets of the Foundation and the assets of the University managed by the Foundation had a fair value of approximately \$3,105,177,000, the majority of which consisted of funds restricted for University purposes.

Assets, net assets, and annual income of the Foundation and the annual distributions to the University for the fiscal years shown are set forth below.

Indiana University Foundation Financial Summary 1
(dollars in thousands)

Fiscal Year Ended			Total Support and	Total University
June 30	Assets ²	Net Assets	Other Revenue ³	Grants and Aid 4
2016	\$2,601,156	\$2,125,248	\$129,528	\$136,856
2017	2,861,379	2,362,845	445,600	162,974
2018	3,058,469	2,580,900	489,328	221,140
2019	3,215,936	2,708,862	350,044	170,744
2020	3,105,177	2,693,104	197,285	168,606

Source: Indiana University Foundation - The Foundation financial statements as of June 30, 2020 may be obtained at: http://iufoundation.iu.edu/about/financial.html.

Annual Fund Raising The Foundation, for the benefit of the University, conducts ongoing annual fund raising campaigns, as well as major gift and special development programs, to raise funds for endowments, research, student support, scholarships, awards, capital projects and special programs.

¹ The COVID-19 Pandemic and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries. The extent to which the COVID-19 Pandemic impacts the Foundation's financial condition, results of operations, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted, included new information which may emerge concerning the severity of the COVID-19 Pandemic and actions taken to contain it or its impact, among others.

² Assets that the Foundation held for the University and for University affiliates had corresponding liabilities reported on the Foundation's Statement of Financial Position for each of the fiscal years shown above. The portion of those assets held for the University and for University affiliates, which represent endowment funds managed by the Foundation, total \$246,649,991, \$268,807,457, \$279,513,120, \$282,266,506 and \$257,824,210 for the fiscal years shown, respectively. Additional information with respect to University endowment funds is contained within the Endowments section below. See "University-held Endowments".

³ Primary sources of revenue and support are contributions and investment income.

⁴ Differs from the Grants and aid to the University under the Indiana University Foundation Statement of Activities by amounts used for foundation programs that benefit the University.

The following table summarizes the annual contributions to the Foundation for each of the fiscal years indicated:

Private Contributions to the Indiana University Foundation				
Fiscal Year Ended June 30	Number of Donors	Receipts (dollars in thousands)		
2016	113,234	\$168,125		
2017	113,648	230,446		
2018	110,584	211,254		
2019	108,505	180,624		
2020	94,002	195,486		

Source: Indiana University Foundation

Capital Campaign

The Foundation has been leading the "For All Campaign" in celebration of Indiana University's Bicentennial in 2020. In fiscal 2020, the campaign surpassed its goal of \$3 billion. As of June 30, 2020, over \$3.7 billion had been raised. The campaign raised nearly \$3.9 billion at its close at September 30, 2020.

University-held Endowments

Endowments are funds in which donors or other outside agencies have stipulated, as a condition of the gift, that the principal be maintained in perpetuity. Funds functioning as endowments, also referred to as "quasi-endowments," are resources which the University, rather than the donor, has determined to retain and manage like endowments. Funds that the University sets aside as quasi-endowments may be unrestricted or restricted as to the purpose.

The fair value of endowments and quasi-endowments held by the University are shown below for the fiscal years indicated.

University-held Endowments and Quasi-Endowments ¹ (dollars in thousands)				
Fiscal Year Ended June 30	Fair Value			
2016	\$222,157			
2017	246,140			
2018	253,469			
2019	253,501			

Source: Office of the Treasurer (unaudited)

2020

240,607

Physical Plant

As of June 30, 2020, the various campuses of the University covered a total of 3,042 acres. As of fall 2020, there were 853 buildings on the campuses, encompassing 34.5 million gross square feet, of which 20.3 million square feet is assignable to operating units. Not included in the assignable square feet are service, building and parking garage circulation and construction areas, restrooms, hallways, and wall thicknesses. Academic and administrative activities are assigned 11.2 million square feet; auxiliary enterprise services are assigned 9.1 million square feet.

¹ Includes only University Endowments and Quasi-Endowments including endowments held for the benefit of Riley Children's Foundation of approximately \$6 million as of June 30, 2020 and real estate at fair value. The University directs giving to the Foundation and the fair value amounts of the Foundation-held Endowments and Quasi-Endowments are not shown.

The following table sets forth the University's net capital assets, for each of the fiscal years shown.

Capital	Assets,	Net 1
(dollars	in thous	ands)

Fiscal Year	
Ended June 30	Capital Assets, Net ¹
2016	\$2,984,285
2017	3,147,159
2018	3,278,609
2019	3,354,987
2020	3,532,546

Source: audited IU financial report for the respective fiscal year ended as shown

Capital Plan

The University has an ongoing capital improvement program consisting of new construction and the renovation of existing facilities. Capital improvement projects have historically been funded from a variety of sources, including but not limited to State appropriations, debt financing, gifts, and University funds. The University had outstanding commitments for previously approved capital construction projects of \$212,053,000 and \$211,415,000 at June 30, 2020 and 2019, respectively.

In each biennium, the University prepares and updates its ten-year capital improvement plan. This provides the basis for a capital appropriation request which the University submits each biennium to the State Budget Agency, the Indiana Commission for Higher Education, and the General Assembly. The request identifies the projects and their respective purposes, priorities, amounts and funding sources. The General Assembly will approve or decline the various projects submitted by the University, and may include projects which were not on the initial capital plan request. For projects that receive General Assembly approval, specific funding sources for each project will be stipulated. General Assembly approval is required for projects that are to be financed by student fee bonds and projects that are not otherwise authorized by statute.

The following table and information summarize approved capital projects that are currently included in the University's near-term financing plan through fiscal year 2022. The University retains the right to change the projects and/or amounts considered within its capital program without notice. At this time, due to the uncertainty of the financial-impact of the COVID-19 Pandemic on the University, the Capital Financing Plan may be impacted during the period shown. Non-essential IU funded capital projects have been deferred until at least fiscal year ending 2022.

¹ Net of accumulated depreciation

Capital Financing Plan (dollars in thousands)

Estimated Fiscal Year of Initial Financing ¹ 2018	Bond Type Consolidated Revenue Bonds and Lease Purchase Obligations ²	Project Name Luddy Garage and Luddy Center for Artificial Intelligence ³	Campus Bloomington	Financing Amount \$29,000
			Total	\$29,000

Source: Office of the Treasurer

Indebtedness of the University

The University is authorized by various acts of the General Assembly to issue bonds for the purposes of financing the construction of academic and administrative facilities, research facilities, student housing facilities, student union buildings, athletic facilities, and parking facilities.

The University has never failed to pay punctually, and in full, all amounts due for principal of and interest on any indebtedness. All long term debt principal outstanding as of December 1, 2020 was fixed-rate debt while commercial paper principal outstanding as of December 1, 2020 was variable-rate debt, with no associated swaps.

A summary of the total outstanding bonded indebtedness (unaudited) as of December 1, 2020 follows.

Facilities Indebtedness as of December 1, 2020 $^{\rm 1}$

(dollars in thousands)

Type of Issuance	Original Principal	Principal Outstanding
Student Fee Bonds ²	\$517,490	\$346,055
Consolidated Revenue Bonds ³	607,505	496,165
Obligations ^{3,4}	281,265	228,600
Commercial Paper ³	34,200	12,754
Total	\$1,440,460	\$1,083,574

Source: Office of the Treasurer

Sources of Payment for Indebtedness (in alphabetical order by type of issuance)

Certificates of Participation and Lease Purchase Obligations (collectively referred to as "Obligations"), Consolidated Revenue Bonds, and commercial paper are payable from Available Funds. The language used to define Available Funds varies slightly between the applicable documents for Consolidated Revenue Bonds, commercial

¹ Any non-fee replaced projects may be interim financed by commercial paper ("CP") over multiple fiscal years. This includes Consolidated Revenue Bonds and Lease Purchase Obligations shown. The Golf Renovation financing amount no longer shown is expected to be kept under CP and repaid by gifts.

² Payable from certain legally available funds of the University.

³ This project has received prior State Budget Committee approval under its former name of Parking Garage/Office Building.

¹ This table does not reflect unamortized bond premium or deferred outflows and reflects bonds with varying Base CUSIP designations.

² Secured by a pledge of student fees

³ Payable from certain legally available funds of the University

⁴Lease Purchase Obligations and Certificates of Participation

paper, and Obligations. However, the calculation for the balance of Available Funds set forth below reported as of June 30 of each fiscal year is the same, irrespective of the applicable documents.

Consolidated Revenue Bonds and Commercial Paper Available Funds; Exclusions; Balances. Available Funds are defined in the bond documents for Consolidated Revenue Bonds and commercial paper as (a) the net income of certain facilities, and (b) any and all other funds of the University legally available for transfer to the sinking fund. Available Funds include, but are not limited to, unrestricted operating fund balances, auxiliary fund balances, and certain other fund balances of the University and selected related entities, in each case without any priority among any such fund balances and only to the extent not pledged, restricted, or specifically authorized for other purposes, now or in the future, or otherwise restricted by law. Available Funds do not include (i) student fees pledged for other purposes or otherwise restricted by law; (ii) other specifically identified revenues or funds pledged or otherwise dedicated or restricted for other purposes; or (iii) moneys appropriated by the Indiana General Assembly and specifically authorized for other purposes or otherwise restricted by law. No assurance can be provided as to the availability or adequacy of any Available Funds as of any particular date. The University retains the right to use Available Funds for the payment of other obligations of the University and to use any or all Available Funds for other lawful corporate purposes of the University. In particular, Available Funds may be used to pay costs of any facilities, financing expenses, amounts payable under any credit facility, and amounts payable (such as termination payments, etc.) under any derivative agreement.

Lease Purchase Obligations and Certificates of Participation Available Funds; Exclusions; Balances. Available Funds are defined in the Leases as any and all monies of the University which are legally available for the payment of any obligations thereunder, including unrestricted operating fund balances, auxiliary fund balances and certain other fund balances of the University, in each case without any priority among any such fund balances and only to the extent not pledged, restricted of specifically authorized for other purposes, now or in the future, or otherwise restricted by law, but excluding mandatory student fees or state appropriations, except to the extent that such funds are expressly authorized for this purpose by the Indiana General Assembly. No assurance can be provided as to the availability or adequacy of any Available Funds as of any date. The University retains the right to use Available Funds for the payment of other obligations of the University and to use any or all Available Funds for other lawful corporate purposes of the University. In particular. Available Funds may be used to pay cost of any facilities, financing expenses, amounts payable under any credit facility and amounts payable (such as termination payments, etc.) under any derivative agreement.

The following table presents certain Available Funds balances as of the end of the fiscal year for each of the past five years.

Available Funds ¹ (dollars in thousands)					
Fiscal Year Ended June 30	2016	2017	2018	2019	2020
Indiana University ^{2,3}	\$1,416,985	\$1,434,658	\$1,175,519	\$1,204,358	\$1,117,918
Indiana University Foundation	349,219	376,848	393,776	380,982	358,780
Available Funds ¹	\$1,766,204	\$1,811,506	\$1,569,295	\$1,585,340	\$1,476,698

Sources: audited IU financial report for the respective fiscal year ended as shown; Indiana University Foundation (unaudited)

¹ Amounts include unrestricted net position of the University as of June 30 of each year. Amounts also include certain quasi-endowment funds held by the Foundation designated for general use by specific schools or departments, that could be used to replace other revenues budgeted for such schools or departments, allowing such budgeted revenues to be applied to debt service on outstanding obligations in the event other Available Funds are not sufficient to pay such debt service.

² Audited IU Financial Report fiscal year 2018, Note 1 Organization and Summary of Significant Accounting Policies, New Accounting Pronouncements: Adoption of New Standard - The GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. GASB 75 requires governments providing OPEB to recognize their unfunded actuarial accrued liability on the balance sheet and to more comprehensively and

comparably measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and RSI for material items. The University reported a \$195,954,000 change in accounting principle adjustment to unrestricted net position as of July 1, 2017. Amounts as of June 30, 2017, have not been restated to reflect the impact of GASB 75 because the information is not available to calculate the impact on OPEB expense for the fiscal year ending June 30, 2017.

Student Fee Revenues 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 (the "fee replacement" appropriations). See "State Appropriations to the University". The total amount and composition of student fee revenues of the University, including instructional fees and other fees charged, for each of the last five fiscal years follow.

Student Fee Revenues ¹ (dollars in thousands)					
Fiscal Year Ended June 30	2016	2017	2018	2019	2020
Student Fees Per Student Fee Bonds Indenture	\$1,402,098	\$1,452,395	\$1,487,951	\$1,514,263	\$1,547,225
Student Fees Per Financial Report					
Tuition and Fees	\$1,402,098	\$1,452,395	\$1,487,951	\$1,514,263	\$1,547,225
Less Scholarship Allowance	(246,282)	(271,601)	(283,150)	(310,174)	(313,068)
Tuition and Fees Net of Scholarship Allowance ²	\$1,155,816	\$1,180,794	\$1,204,801	\$1,204,089	\$1,234,157

Source: audited IU financial report for the respective fiscal year ended as shown

University Credit Facility

In order to further enhance operating liquidity, the University obtained an unsecured revolving line of credit on May 22, 2020. The credit facility was entered into with a syndicate group of lenders. The commitment is for \$600 million with an accordion of \$400 million to potentially expand the line of credit at the University's discretion. The credit facility has a facility fee (unused fee), with utilization less than 50 percent at 35 basis points and utilization greater than or equal to 50 percent at 40 basis points. If the credit facility is drawn upon, at a utilization less than 50 percent, interest will accrue at a rate of one-month LIBOR plus 125 basis points. If the credit facility is drawn upon with utilization greater than or equal to 50 percent interest will accrue at one-month LIBOR plus 135 basis points. LIBOR shall have a floor of 100 basis points. The Board must approve any draw requests on the line of credit. Payments on the line of credit may be made from Available Funds. Absent an extension, the maturity date of the line of credit is May 21, 2021.

Information from Financial Report

The following sections from "Related Organization" to "Required Supplementary Information" are taken from the accompanying notes and Required Supplementary Information which are part of the Indiana University Financial Report 2019-20 with the same titles.

³ Unrestricted Net Position is the largest component of Available Funds. See "Financial Operations of the University - Net Position"

¹The presentation of information in this table has been expanded to reflect the distinction between the calculation of student fees that are subject to the lien of the indenture securing the University's student fee bonds and the required financial reporting presentation of student fees net of scholarship allowances.

² See "Financial Operations of the University - Statement of Revenues, Expenses and Changes in Net Position." Gross Tuition and fees for fiscal years shown as student fees under the Statement of Revenues, Expenses and Changes in Net Position within the audited IU financial report.

Related Organization

The University is a major beneficiary of the Riley Children's Endowment of which a majority of the board of directors is appointed by, or serve by virtue of position with, Indiana University. Riley Children's Endowment's net assets were \$351,100,000 and \$369,647,000 at June 30, 2020 and 2019, respectively, and are not included in the financial statements of the University.

Risk Management

The University is exposed to various risks of loss, including torts, theft, damage or destruction of assets, errors or omissions, job-related illnesses or injuries to employees, and health care claims on behalf of students, employees, and their dependents. The University manages these risks through a combination of risk retention and commercial insurance, including coverage from internally maintained funds, as well as from a wholly-owned captive insurance company, Old Crescent Insurance Company ("OCIC"). The University is self-funded for damage to buildings and building contents for the first \$100,000 per occurrence with an additional \$400,000 per occurrence covered by OCIC, with commercial excess property coverage above this amount. The University is self-funded for comprehensive general liability and automobile liability for the first \$100,000 per occurrence with an additional \$900,000 per occurrence covered by OCIC and with supplementary commercial liability umbrella policies. The University has a malpractice and professional liability policy in the amount of \$500,000 for each claim and \$1,500,000 annually in aggregate provided by OCIC. The University is self-funded for the first \$850,000 for each Workers' Compensation claim and \$125,000 in the aggregate for all claims in excess of \$850,000 for each claim. Workers' Compensation claims above these amounts are covered by commercial insurance and are subject to statutory limits. The University is self-funded for the first \$850,000 for employer liability claims with an additional \$1,000,000 in coverage through commercial insurances. The amount of settlements has not exceeded insurance coverage in any of the past three fiscal years.

The University has three health care plans for full-time appointed active employees, and one plan for under-65 retirees not yet eligible for Medicare. All of the employee plans are self-funded. The University records a liability for incurred but unpaid claims for University-sponsored, self-funded health care plans. This liability is estimated to be no more than 12.5% of the paid self-funded claims during the fiscal year, and totals \$28,024,000 and \$27,665,000 at June 30, 2020 and 2019, respectively. In addition, a potential claims fluctuation liability of \$9,876,000 has been recorded at June 30, 2020 and 2019.

Changes in the balances of accrued insurance liabilities were as follows: *(dollars in thousands)*

Fiscal Year	Beginning Balance	Claims Incurred and Changes in Estimates	Claims Paid	Ending Balance
2018	\$25,150	\$235,388	\$(233,194)	\$27,344
2019	27,344	234,680	(234,359)	27,665
2020	27,665	253,436	(253,077)	28,024

Source: audited IU financial report for the respective fiscal year ended as shown

Separate funds have been established to account for the liability of incurred but unpaid health care claims, as well as any unusual catastrophic claims fluctuation experience. All organizational units of the University are charged fees based on estimates of the amounts necessary to pay health care coverage costs, including premiums and claims.

The University also provides health care plans for graduate assistants, fellowship recipients, and medical residents. These plans are either fully insured or self-funded with a stop/loss provision. For these groups, the University has recorded a liability for incurred but unpaid claims for University-sponsored, self-funded health care plans in the amount of \$1,623,000 and \$1,536,000 at June 30, 2020 and 2019, respectively. These plans are funded by direct charges to the associated schools and/or departments.

Commitments and Loss Contingencies

The University had outstanding commitments for capital construction projects of \$212,053,000 and \$211,415,000 at June 30, 2020 and 2019, respectively.

Based upon the information available at the date of the financial report, it is possible that the University may be obligated to refund at least a portion of student tuition and fees under a legal action pending in Monroe Circuit Court, which is a putative class action suit, due to the transition to virtual instruction in Spring Semester 2020 as a result of the COVID-19 Pandemic. Neither the event of an unfavorable outcome, nor an estimate of potential loss or a range of potential losses is known or can be predicted as of the financial reporting date. Plaintiff does not quantify and has not proposed any measure of damages.

The University is a party in a number of legal actions. While the final outcome cannot be determined at this time, management is of the opinion that the liability, if any, for these legal actions will not have a material adverse effect on the University's financial position.

Retirement Plans

The University provided retirement plan coverage to 20,913 and 19,809 active employees as of June 30, 2020 and 2019, respectively, in addition to contributing to the Federal Insurance Contributions Act ("FICA") as required by law.

Retirement and Savings Plan All support and service employees with at least a 50% full-time equivalent ("FTE") appointment and temporary with retirement employees scheduled to work at least 900 hours or more in a calendar year hired on or after July 1, 2013, participate in the Retirement and Savings Plan. This is a defined contribution plan under IRC 401(a). The University contributed \$2,215,000 during fiscal year ended June 30, 2020, and \$4,928,000 during fiscal year ended June 30, 2019, to TIAA-CREF for the plan. The University contributed \$6,025,000 during fiscal year ended June 30, 2020, and \$1,212,000 during fiscal year ended June 30, 2019, to Fidelity Investments for the plan. Under this plan, 3,323 and 2,804 active participants as of June 30, 2020 and 2019, respectively Beginning January 1, 2020, Fidelity became the sole provider of recordkeeping services for this plan.

Academic and Professional Staff Employees Appointed academic and professional staff employees with at least 50% FTE are covered by the IU Retirement Plan. This is a defined contribution plan under IRC 403(b). The University contributed \$23,264,000 during fiscal year ended June 30, 2020, and \$58,263,000 during fiscal year ended June 30, 2019, to TIAA-CREF for the IU Retirement Plan. The University contributed \$92,818,000 during fiscal year ended June 30, 2020, and \$54,321,000 during fiscal year ended June 30, 2019, to Fidelity Investments for the IU Retirement Plan. Under this plan, 15,380 and 14,512 active participants as of June 30, 2020 and 2019, respectively. Beginning January 1, 2020, Fidelity became the sole provider of recordkeeping services for this plan.

In addition to the above, the University provides early retirement benefits to full-time appointed academic and professional staff employees who were in positions Grade 16 and above on or before June 30, 1999. There were 691 and 740 active employees on June 30, 2020 and 2019, respectively, covered by the IU Supplemental Early Retirement Plan ("IUSERP"), a defined contribution plan in compliance with IRC 401(a), with participant accounts at Fidelity Investments. The University contributed \$1,991,000 and \$2,089,000 to IUSERP during fiscal years ended June 30, 2020 and 2019, respectively. The same class of employees covered by the IU Retirement Plan 15% Level of Contributions on or before July 14, 1988, is covered by the IU 18/20 Retirement Plan. This plan is a combination of IRC Section 403(b) and Section 457(f) and can be found under Postemployment Benefits section. The IU 18/20 Retirement Plan allows this group of employees to retire as early as age 64, provided the individual has at least 18 years of participation in the IU Retirement Plan and at least 20 years of continuous University service.

Indiana Public Employees' Retirement Fund The University contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan with an annuity savings account provision. Indiana Public Retirement System (INPRS) administers the cost-sharing, multiple-employer defined benefit plan based on 35 IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. There are two tiers to the

PERF Plan. The first is the Public Employees' Defined Benefit Plan (PERF Hybrid Plan) and the second is the My Choice: Retirement Savings Plan for Public Employees (My Choice), formerly known as Public Employees' Annuity Savings Account Only Plan (PERF ASA Only Plan). The University participates in the PERF Hybrid Plan. The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10.2, IC 5-10.3, and IC 5-10.5. There are two aspects to the PERF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension. The second portion of the PERF Hybrid Plan benefit structure is the defined contribution component, known as Public Employees' Hybrid Members Defined Contribution Account. Both components are funded by employer contributions. Support staff and temporary employees who normally work at least 50% FTE appointment hired prior to July 1, 2013, participate in the PERF Hybrid Plan. There were 2,210 and 2,493 active University employees covered by this retirement plan as of June 30, 2020 and 2019, respectively. Per IC 5-10.2-4-4, key elements of the pension formula include years of PERF creditable service multiplied by average annual compensation multiplied by 1.1%, resulting in an annual lifetime benefit. Cost of living adjustments for members in pay status are not guaranteed by statute, but may be granted by the Indiana General Assembly on an ad hoc basis. Refunds of employee contributions are included in total benefit payments. Participants must have at least ten years of PERF creditable service to have a vested right to the defined pension benefit. The defined contribution account consists of contributions set by state statute at 3.0% of compensation plus the earnings credited to members' accounts. Participants are 100% vested from inception in the defined benefit account. INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The financial report and corresponding fiduciary net position is prepared using the accrual basis of accounting in conformity with Generally Accepted Accounting Principles (GAAP). INPRS applies all applicable GASB pronouncements in accounting and reporting for its operations. INPRS investments are measured at fair value within the fair value hierarchy established by GASB Statement No. 72, Fair Value Measurement and Application. The INPRS Comprehensive Annual Financial Report for 2019 may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, 1-844-464-6777, or by reviewing IN 46204. calling the Annual Report online www.in.gov/inprs/annualreports.htm.

Required and actual contributions made by the University totaled \$12,141,000 and \$14,795,000 for fiscal years ended June 30, 2020 and 2019, respectively. This represented an 11.2% University pension benefit contribution for fiscal years ended June 30, 2020 and 2019, and a 3.0% University contribution for the annuity savings account provisions each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Indiana Public Employees' Retirement Fund. At June 30, 2020, the University reported a liability of \$65,254,000 for its proportionate share of the net pension liability, as compared to \$68,576,000 for the year ended June 30, 2019. The June 30, 2020, net pension liability of \$\$65,254,000 at the measurement date was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, which used update procedures to roll forward the estimated liability to June 30, 2019. The University's proportion of the net pension liability was based on wages reported by the University relative to the collective wages of the plan. This basis measures the proportionate relationship of an employer to all employers and is consistent with the manner in which contributions to the pension plan are determined. At June 30, 2019, the University's proportion was 1.97%, a decrease of 0.05 percentage points from its proportion measured as of June 30, 2018, which was 2.02%. The University's June 30, 2018 proportion decreased .04 percentage points from its proportion measured as of June 30, 2017, which was 2.06%. Pension expense of the University as of June 30, 2020 and 2019, was \$13,911,000 and \$12,172,000, respectively.

At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(dollars in thousands)

PERF		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$1,728	\$-
Changes of assumptions	15	7,094
Net difference between projected and actual earnings on		
pension plan investments	_	3,084
Changes in proportion and differences between University		
contributions and proportionate share of contributions	952	2,138
University contributions subsequent to the measurement date	9,955	
Total	\$12,650	\$12,316

Source: audited IU financial report for the respective fiscal year ended as shown

Deferred outflows of resources in the amount of \$9,955,000 related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(dollars in thousands)

PERF				
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$897	\$5		
Changes of Assumptions	163	11,011		
Net difference between projected and actual earnings on				
pension plan investments	2,031	_		
Changes in proportion and differences between University				
contributions and proportionate share of contributions	4,100	3,692		
University contributions subsequent to the measurement date	11,220	_		
Total	\$18,411	\$14,708		

Source: audited IU financial report for the respective fiscal year ended as shown

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

(dollars in thousands)

Fiscal Year Ended June 30	PERF
2020	\$(2,911)
2021	(5,161)
2022	(1,310)
2023	(239)
2024	_
Thereafter	_
Total	\$(9,621)

Source: audited IU financial report for the respective fiscal year ended as shown

<u>Actuarial Assumptions</u>. The total pension liability as of June 30, 2019, and June 30, 2018, based on the results of actuarial valuation dates of June 30, 2018, and June 30, 2017, and rolled forward, respectively, were determined using the following actuarial assumptions, which were applied to all periods included in the measurement:

PERF					
	Measurement date as of June 30, 2018	Measurement date as of June 30, 2019			
Cost of living	FY 2020-2021 – 13th check FY 2022-2033 – 0.4% FY 2034-2038 – 0.5% FY 2039 and on – 0.6%	FY 2020-2021 – 13th check FY 2022-2033 – 0.4% FY 2034-2038 – 0.5% FY 2039 and on – 0.6%			
Inflation	2.25% average	2.25% average			
Future salary increases	2.50% to 4.25%	2.50% to 4.25%			
Investment rate of return	6.75%, net of pension plan investment expense	6.75%, net of pension plan investment expense			
Mortality rates	Based on RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables and Disability Mortality Tables for disabled	Based on RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables and Disability Mortality Tables for disabled			
	members	members			

Source: audited IU financial report for the respective fiscal year ended as shown

The actuarial assumptions used in the valuations of June 30, 2019, were adopted by the Indiana Public Retirement System Board pursuant to the experience studies which reflected the period from July 1, 2010, through June 30, 2014. Member census data as of June 30, 2018, was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2018 and June 30, 2019. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2018 to the June 30, 2019 measurement date.

The long-term expected rate of return on pension plan investments was determined 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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PERF					
	Measurement date as of June 30, 2018		Measurement date as of June 30, 2019		
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return	
Public Equity	22.0%	4.4%	22.0%	4.9%	
Private Equity	14.0%	5.4%	14.0%	7.0%	
Fixed Income – Ex Inflation-Linked ¹	20.0%	2.2%	20.0%	2.5%	
Fixed Income – Inflation-Linked	7.0%	0.8%	7.0%	1.3%	
Commodities	8.0%	2.3%	8.0%	2.0%	
Real Estate	7.0%	6.5%	7.0%	6.7%	
Absolute Return	10.0%	2.7%	10.0%	2.9%	
Risk Parity	12.0%	5.2%	12.0%	5.3%	
Total	100.0%		100.0%		

Source: audited IU financial report for the respective fiscal year ended as shown

<u>Discount rate</u>. The discount rate used to measure the total pension liability was 6.75% for PERF at June 30, 2019 and 2018. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University's proportionate share of the PERF net pension liability. The following table presents the University's proportionate share of the PERF net pension liability using the discount rate of 6.75% for both years, as well as what the University's proportionate share of the net pension 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 rate:

(dollars in thousands)

PERF			
Sensitivity of Net Pension Liability	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
June 30, 2019	\$107,949	\$68,576	\$35,743
June 30, 2020	\$104,799	\$65,254	\$32,271

Source: audited IU financial report for the respective fiscal year ended as shown

<u>Pension Plan Fiduciary Net Position</u>. Detailed information about the pension plans' fiduciary net position is available in the separately issued INPRS financial report.

Payable to the Pension Plan The University reported a payable of \$1,721,000 at June 30, 2020, and \$1,115,000 at June 30, 2019, for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2020, and 2019, respectively.

¹ Includes cash & cash equivalents

Postemployment Benefits

Plan Description The University provides postemployment benefits for certain retired employees. The IU 18/20 Plan, medical, and life insurance benefits are presented for financial statement purposes as a consolidated plan (the "Plan") under the requirements for reporting Other Postemployment Benefit Plans ("OPEB") required by GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

The Plan is a single-employer defined benefit plan administered by Indiana University. The 18/20 Plan provides interim benefits to full-time appointed academic and professional staff employees who meet the following eligibility requirements: covered by the IU Retirement Plan 15% level on or before July 14, 1988, and has 18 years of participation in the IU Retirement Plan 15% level, at least 20 years of continuous full-time University service, and at least 64 years of age. This group of employees is eligible to receive monthly payments based on a hypothetical monthly annuity amount at age 70, up to the amount of terminal base salary, calculated as the average budgeted base salary for the five 12-month periods immediately preceding retirement. The 18/20 Plan was adopted by the Trustees and is closed to new entrants.

The University provides medical care coverage to individuals with retiree status and their eligible dependents. The cost of the coverage is borne fully by the individual. However, retiree medical care coverage is implicitly more expensive than active-employee coverage, which creates an implicit rate subsidy. The University provides retiree life insurance benefits in the amount of \$6,000 to terminated employees with retiree status. The health and life insurance plans have been established and may be amended under the authority of the Trustees. The Plan does not issue a standalone financial report. Reflected in this note for fiscal year 2019 are benefits related to an early retirement incentive plan, approved by executive management in fiscal year 2014, which includes five years of annual contributions to a health reimbursement account.

Funding Policy The contribution requirements of plan members and the University are established and may be amended by the Trustees. The University contribution to the 18/20 Plan and retiree life insurance is based on payas-you-go financing requirements. Plan members do not make contributions. The medical plans are self-funded and each plan's premiums are updated annually based on actual claims. Retirees receiving medical benefits paid \$806,000 and \$814,000 in premiums in the fiscal years ended June 30, 2020 and June 30, 2019, respectively. The University contributed \$33,456,000 and \$32,264,000 to the consolidated OPEB Plan in fiscal years ended June 30, 2020 and June 30, 2019, respectively. The University does not maintain a separate legal trust to house assets used to fund postemployment benefits.

As of the June 30, 2020 actuarial valuation date, the number of plan participants consisted of the following:

	OPEB		
	18/20 Plan	Retiree Health Insurance	Retiree Life Insurance
Active employees	89	18,147	19,531
Inactive employees receiving benefits	188	157	6,185
Total	277	18,304	25,716

Source: audited IU financial report for the respective fiscal year ended as shown

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources At June 30, 2020 and 2019, the University reported \$229,203,000 and \$254,629,000 for its total OPEB liability, respectively. The current portion of the OPEB liability was \$27,640,000 and \$33,456,000 at June 30, 2020 and June 30, 2019, respectively. At June 30, 2020 and June 30, 2019, the University reported \$25,343,000 and \$27,717,000 for its total OPEB expense, respectively. The total OPEB liability was measured as of June 30, 2020, and was based on an actuarial valuation date of June 30, 2020, with no adjustments. Liabilities as of July 1, 2019, were based on an actuarial valuation date of July 1, 2018 actuarially projected on a "no gain / no loss" basis to get to the June 30, 2019 measurement date.

Changes in the total reported liability for postemployment benefits obligations and total OPEB expense for the year ended June 30, 2020, are summarized as follows:

(dollars in thousands)

OPEB

	18/20 Plan	Retiree Health Insurance	Retiree Life Insurance	Total
Total OPEB liability, beginning of year	\$106,866	\$108,513	\$39,250	\$254,629
Service cost	2,442	8,746	1,118	12,306
Interest	3,344	4,052	1,391	8,787
Changes in assumptions	2,014	3,852	5,188	11,054
Differences between expected				
and actual experience	(2,431)	(22,099)	413	(24,117)
Benefit payments	(28,297)	(3,690)	(1,469)	(33,456)
Total OPEB liability, end of year	\$83,938	\$99,374	\$45,891	\$229,203
Current portion of OPEB Liability				\$27,640
OPEB expense	\$4,925	\$17,035	\$3,383	\$25,343

Source: audited IU financial report for the respective fiscal year ended as shown

Changes in the total reported liability for postemployment benefits obligations and total OPEB expense for the year ended June 30, 2019, are summarized as follows:

OPEB

	18/20 Plan	Retiree Health Insurance	Retiree Life Insurance	Total
Total OPEB liability, beginning of year	\$128,913	\$103,463	\$36,167	\$268,543
Service cost	2,209	8,427	974	11,610
Interest	4,571	4,243	1,410	10,224
Changes in assumptions	653	3,257	2,134	6,044
Differences between expected				
and actual experience	(3,203)	(6,325)	_	(9,528)
Benefit payments	(26,277)	(4,552)	(1,435)	(32,264)
Total OPEB liability, end of year	\$106,866	\$108,513	\$39,250	\$254,629
Current portion of OPEB Liability				\$33,456
OPEB expense	\$5,970	\$19,189	\$2,558	\$27,717

Source: audited IU financial report for the respective fiscal year ended as shown

The discount rate changed from 3.51% as of July 1, 2019, to 2.66% as of June 30, 2020. The health care trend rates have been reset to an initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5% for fiscal year 2028 and later years. The University has not had a recent experience study. The actuarial assumptions for non-18/20 Plans have not been updated since the 2006 valuation.

At June 30, 2020, the University reported deferred outflows and inflows of resources related to OPEB from the following sources:

(dollars in thousands)

OPEB						
	Deferred Outflows of Resources	Deferred Inflows of Resources				
Changes in Assumptions:						
18/20 Plan	\$2,253	\$527				
Retiree health insurance	8,145	_				
Retiree life insurance	6,139	606				
Differences between expected and actual experience:						
18/20 Plan	_	6,946				
Retiree health insurance	39,078	24,080				
Retiree life insurance	407					
Total	\$56,022	\$32,159				

Source: audited IU financial report for the respective fiscal year ended as shown

At June 30, 2019, the University reported deferred outflows and inflows of resources related to OPEB from the following sources:

(dollars in thousands)

ОРЕВ						
	Deferred Outflows of Resources	Deferred Inflows of Resources				
Changes in Assumptions:						
18/20 Plan	\$572	\$615				
Retiree health insurance	5,570	_				
Retiree life insurance	1,867	707				
Differences between expected and actual experience:						
18/20 Plan	_	5,622				
Retiree health insurance	45,592	5,534				
Retiree life insurance	54	_				
Total	\$53,655	\$12,478				

Source: audited IU financial report for the respective fiscal year ended as shown

These amounts will be recognized in OPEB expense as follows: *(dollars in thousands)*

ОРЕВ					
Fiscal Year Ending June 30	18/20 Plan	Retiree Health Insurance	Retiree Life Insurance	Total	
2021	(861)	\$4,237	\$873	\$4,249	
2022	(861)	4,237	873	4,249	
2023	(861)	4,237	873	4,249	
2024	(861)	4,237	873	4,249	
2025	(861)	4,237	873	4,249	
Thereafter	(913)	1,957	1,574	2,618	

Source: audited IU financial report for the respective fiscal year ended as shown

<u>Actuarial Assumptions</u>. Significant actuarial methods and assumptions used to calculate the University's total OPEB liability were:

OPEB					
	Measurement Date as of June 30, 2019	Measurement Date as of June 30, 2020			
Payroll growth (medical/life plan)	3.0%	3.0%			
Payroll growth (18/20 plan)	2.5%	2.5%			
Inflation	3.0%	3.0%			
Health care cost trend rates	8.5% for fiscal year 2020 to 5.0% for fiscal year 2027 and later years	8.0% for fiscal year 2021 to 4.5% for fiscal year 2028 and later years			
Mortality rates	Based on RPH-2017 Total Data Set Mortality Table fully generational using Scale MP-2017	Based on SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019			
Actuarial cost method	Entry Age Normal Level % of Salary	Entry Age Normal Level % of Salary			

Source: audited IU financial report for the respective fiscal year ended as shown

<u>Discount rate</u>. The discount rate used in valuing OPEB liabilities as of June 30, 2020, was 2.66% and 3.51% as of July 1, 2019. The discount rate must be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The Bond Buyer Go 20 index was used for the current discount rate.

Sensitivity of total OPEB liability to the discount rate. The following table presents the June 30, 2020, total OPEB liability using the discount rate of 2.66%, as well as what the total OPEB 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 rate:

(dollars in thousands)

	OPEB		
Sensitivity of Total OPEB Liability	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
18/20 plan	\$85,156	\$83,938	\$82,681
Retiree health insurance	107,948	99,373	91,435
Retiree life insurance	54,972	45,892	38,847
Total	\$248,076	\$229,203	\$212,963

Source: audited IU financial report for the respective fiscal year ended as shown

Sensitivity of total OPEB liability to the discount rate. The following table presents the June 30, 2019, total OPEB liability using the discount rate of 3.51%, as well as what the total OPEB 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 rate:

(dollars in thousands)

	OPEB		
Sensitivity of Total OPEB Liability	1% Decrease (2.51%)	Current Discount Rate (3.51%)	1% Increase (4.51%)
18/20 plan	\$108,660	\$106,866	\$105,043
Retiree health insurance	118,105	108,513	99,718
Retiree life insurance	46,253	39,250	33,740
Total	\$273,018	\$254,629	\$238,501

Source: Audited IU financial report for the respective fiscal year ended as shown

Sensitivity of total OPEB liability to the health care trend rate. The following table presents the University's retiree health insurance OPEB liability for both years as well as what the retiree health insurance OPEB liability would be if it were calculated using a health care trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

(dollars in thousands)

ОРЕВ			
Sensitivity of Retiree Health Insurance OPEB Liability ¹	1% Decrease	Current Trend	1% Increase
June 30, 2019 (current 8.5% decreasing to 5%)	\$95,372	\$108,513	\$124,188
June 30, 2020 (current 8.0% decreasing to 4.5%)	87,859	99,373	113,044

Source: Audited IU financial report for the respective fiscal year ended as shown

¹ The 18/20 and retiree life insurance plans are not included above as they do not have a health care component.

Required Supplementary Information

Indiana Public Employees' Retirement Fund

Schedule of the University's Proportionate Share of the Net Pension Liability for the Indiana Public Employees' Retirement Fund ¹

(dollars in thousands)

Measurement Date as of	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
University's proportion of the net pension liability	3.30%	2.11%	2.06%	2.02%	1.97%
University's proportionate share of the net pension liability	\$134,565	\$95,689	\$92,066	\$68,576	\$65,254
University's covered- employee payroll	\$156,848	\$139,508	\$128,504	\$124,694	\$101,364
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	85.79%	68.59%	71.64%	55.00%	64.38%
Plan fiduciary net position as a percentage of the total pension liability	77.30%	75.30%	76.60%	78.90%	80.10%

Source: Audited IU financial report for the respective fiscal year ended as shown

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 of Assumptions. For the actuarial valuation as of June 30, 2018 the Cost-of-Living Adjustment ("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 13th 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.

¹ GASB Statement No. 68 requires disclosure of a 10-year schedule. In this table only five years will be shown. Additional years were presented in prior audited IU Financial Reports, which are available at: https://vpcfo.iu.edu/resources/consolidated-annual-financial-reports.html.

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Schedule of the University's Contributions for the Indiana Public Employees' Retirement Fund ¹

(dollars in thousands)

Fiscal Year Ended June 30	2016	2017	2018	2019	2020
Contractually required contribution	\$15,637	\$13,980	\$13,978	\$11,170	\$10,583
Contributions in relations to the contractually required contribution	\$(15,637)	\$(13,980)	\$(13,978)	\$(11,170)	\$(10,583)
Contribution deficiency	_	_	_	_	_
University's covered- employee payroll	\$139,508	\$128,504	\$124,694	\$101,364	\$94,664
Contributions as a percentage of covered- employee payroll	11.21%	10.88%	11.21%	11.02%	11.18%

Source: Audited IU financial report for the respective fiscal year ended as shown

Notes to RSI for Fiscal Year 2020.

Changes of Benefit Terms. There were no changes of benefit terms for the years presented.

Changes of Assumptions. For the actuarial valuation as of June 30, 2018 the Cost-of-Living Adjustment ("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 13th 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.

¹GASB Statement No. 68 requires disclosure of a 10-year schedule. In this table, only five years will be shown. Additional years were presented in prior audited IU Financial Reports, which are available at: https://vpcfo.iu.edu/resources/consolidated-annual-financial-reports.html.

Other Postemployment Benefit Plans

Schedule of the University's Total Liability for Other Postemployment Benefit Plans Under GASB 75 (dollars in thousands)

OPEB Liability Fiscal Year 2020 ¹						
	18/20 Plan	Retiree Health Insurance	Retiree Life Insurance	Total		
Service Cost	\$2,442	\$8,746	\$1,118	\$12,306		
Interest	3,344	4,052	1,391	8,787		
Changes in assumptions	2,014	3,852	5,188	11,054		
Differences between expected and actual experience	(2,431)	(22,099)	413	(24,117)		
Benefit payments	(28,297)	(3,690)	(1,469)	(33,456)		
Net change in total OPEB liability	\$(22,928)	\$(9,139)	\$6,641	\$(25,426)		
Total OPEB liability, beginning of year	\$106,866	\$108,513	\$39,250	\$254,629		
Total OPEB liability, end of year	\$83,938	\$99,374	\$45,891	\$229,203		
Covered employee payroll	\$20,425	\$1,307,836	\$1,307,836			
Total liability as a percentage of covered employee payroll	411.0%	7.6%	3.5%			

Source: Audited IU financial report for the respective fiscal year ended as shown

Changes of Benefit Terms: There were no changes of benefit terms for the plan year ended June 30, 2020.

Changes in Assumptions: The discount rate decreased to 2.66% as of June 30, 2020. The health care trend rates have been reset to an initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5%. The mortality table has been updated from fully generational using Scale MP-2017 to headcount weighted, fully generational using Scale MP-2019.

¹ GASB Statement No. 75 requires disclosure of a 10-year schedule. Only five years will be shown within the Annual Financial Information Disclosure. The financial statement information was not available for years prior to 2018. Additional years will be included in future reports as data becomes available.

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OPEB Liability Fiscal Year 2019 ¹						
	18/20 Plan	Retiree Health Insurance	Retiree Life Insurance	Total		
Service Cost	\$2,209	\$8,427	\$974	\$11,610		
Interest	4,571	4,243	1,410	10,224		
Changes in assumptions	653	3,257	2,134	6,044		
Differences between expected and actual experience	(3,203)	(6,325)	_	(9,528)		
Benefit payments	(26,277)	(4,552)	(1,435)	(32,264)		
Net change in total OPEB liability	\$(22,047)	\$5,050	\$3,083	\$(13,914)		
Total OPEB liability, beginning of year	\$128,913	\$103,463	\$36,167	\$268,543		
Total OPEB liability, end of year	\$106,866	\$108,513	\$39,250	\$254,629		
Covered employee payroll	\$24,322	\$1,248,265	\$1,248,265			
Total liability as a percentage of covered employee payroll	439.40%	8.70%	3.10%			

Source: Audited IU financial report for the respective fiscal year ended as shown

Changes of Benefit Terms: There were no changes of benefit terms for the plan year ended June 30, 2019.

Changes in Assumptions: The discount rate decreased to 3.51% as of June 30, 2019, the health care trend rates have been reset to an initial rate of 8.5% decreasing by 0.5% annually to an ultimate rate of 5.0%.

¹GASB Statement No. 75 requires disclosure of a 10-year schedule. Only five years will be shown within the Annual Financial Information Disclosure. The financial statement information was not available for years prior to 2018. Additional years will be included in future reports as data becomes available.

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OPEB Liability Fiscal Year 2018 ¹						
	18/20 Plan	Retiree Health Insurance	Retiree Life Insurance	Total		
Service Cost	\$3,442	\$3,111	\$1,095	\$7,648		
Interest	5,169	1,494	1,301	7,964		
Changes in assumptions	(790)	3,498	(909)	1,799		
Differences between expected and actual experience	(3,625)	58,618	69	55,062		
Benefit payments	(32,188)	(3,714)	(1,286)	(37,188)		
Net change in total OPEB liability	\$(27,992)	\$63,007	\$270	\$35,285		
Total OPEB liability, beginning of year	\$156,905	\$40,456	\$35,897	\$233,258		
Total OPEB liability, end of year	\$128,913	\$103,463	\$36,167	\$268,543		
Covered employee payroll	\$23,729	\$1,211,908	\$1,211,908			
Total liability as a percentage of covered employee payroll	543.3%	8.5%	3.0%			

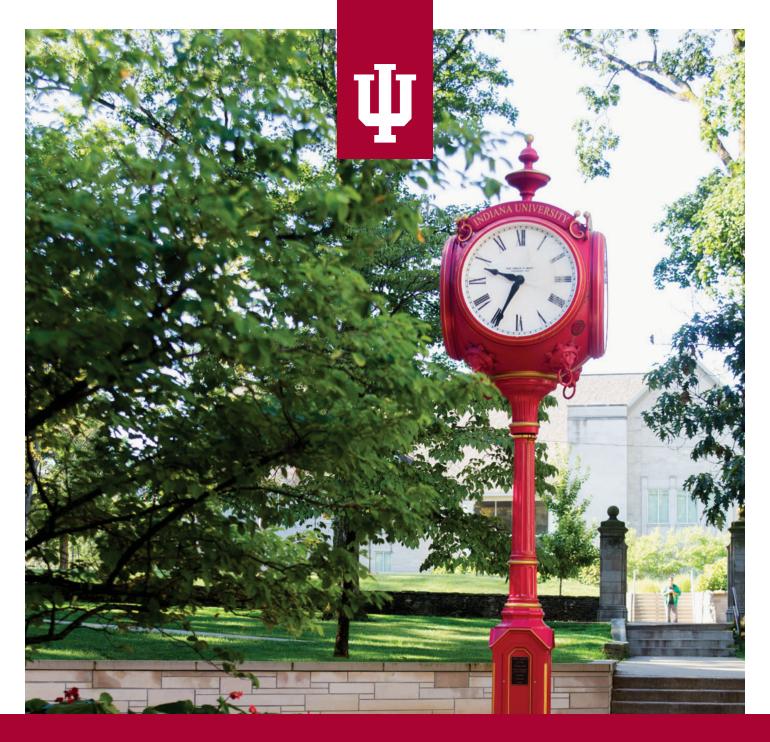
Source: Audited IU financial report for the respective fiscal year ended as shown

Changes of Benefit Terms: There were no changes of benefit terms for the plan year ended June 30, 2018; however, the medical plan available to retirees has been changed from the PPO \$900 Deductible plan (which is no longer offered) to the Anthem PPO HDHP plan.

Changes in Assumptions: The discount rate was 3.87% as of June 30, 2018, and 3.58% as of July 1, 2017. The actuarial cost method was updated from Projected Unit Credit with linear proration to decrement to Entry Age Normal Level % of Salary. The mortality table has been updated from SOA RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2017 to SOA RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017. The health care trend rates have been reset to an initial rate of 9.0% decreasing by 0.5% annually to an ultimate rate of 5.0%.

¹ GASB Statement No. 75 requires disclosure of a 10-year schedule. Only five years will be shown within the Annual Financial Information Disclosure. The financial statement information was not available for years prior to 2018. Additional years will be included in future reports as data becomes available.



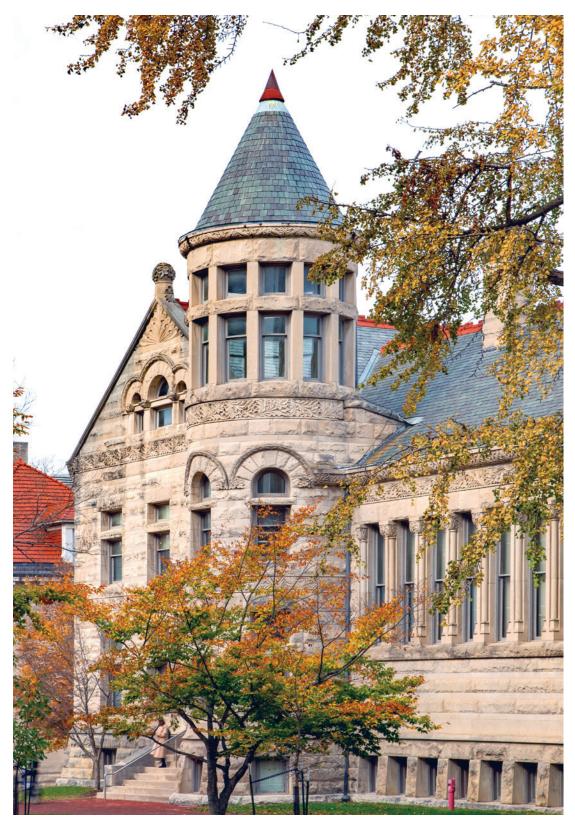


ANNUAL FINANCIAL REPORT

INDIANA UNIVERSITY

2019-2020





Maxwell Hall Old Crescent; Bloomington

TABLE OF CONTENTS

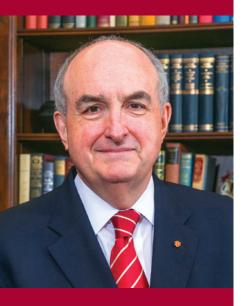
Indiana University Annual Financial Report 2019–2020

Message from the President
Message from the Vice President and Chief Financial Officer
Independent Auditor's Report.
Management's Discussion and Analysis
Statement of Net Position
IU Foundation Statement of Financial Position
Statement of Revenues, Expenses, and Changes in Net Position
IU Foundation Statement of Activities
Statement of Cash Flows
Notes to the Financial Statements
Required Supplementary Information
Trustees and Administrative Officers of Indiana University
Additional Information 9



MESSAGE FROM THE PRESIDENT

Michael A. McRobbie, President, Indiana University



The Honorable Eric J. Holcomb Governor, State of Indiana State House, Room 206 200 West Washington Street Indianapolis, IN 46204

Dear Governor Holcomb:

On behalf of the Trustees of Indiana University, I am pleased to present to you IU's 2019–2020 Financial Report.

Our world and our state have changed enormously since the arrival of the COVID-19 pandemic.

The Indiana University community continues to persevere in the face of the pandemic, thanks to an enormous effort from thousands of people across all IU campuses and in nearly every office, dating back to the earliest days of the pandemic. I continue to be extremely proud of students, faculty, and staff, who have banded together with the greatest energy and vigor to ensure that the current academic year is as safe as possible and to confront—with courage, creativity, and compassion—new developments and challenges as they arise.

We are extremely proud that—in the face of enormous challenges confronting colleges and universities in Indiana and across the nation—we are continuing to meet our core mission of bringing greater health and prosperity to Hoosiers through the world-class education we offer. We continue to see very large numbers of new and returning students who are choosing to pursue their degrees at IU, which reflects the success of our efforts to ensure that our academic programs remain accessible and affordable to students from all backgrounds, and that they are highly relevant and responsive to the most important needs of our students and our state's leading employers.

EDUCATING HOOSIERS

Indiana University continues to educate more Indiana residents than any other college or university in the state, as its student body becomes more diverse and prepares itself to meet the state's critical health and economic development needs.

As of August 31, the official IU census day for the fall semester, 70 percent of the 90,090 degree-seeking students enrolled on IU campuses were Indiana residents. These 62,992 Hoosier students are, by far, the largest total of Indiana residents enrolled at any college or university.

RECORD DIVERSITY

IU's 2020 fall semester enrollment reflects its continued leadership in providing opportunities for all students, regardless of their racial or cultural background, and ensuring the student populations on its campuses are as diverse as the Indiana regions they serve. IU Bloomington has enrolled 9,950 degree-seeking minority students this fall. They represent 26.2 percent of the campus's total degree-seeking population. IU has another 8,408 degree-seeking minority students who have enrolled at IUPUI and make up over 31 percent of the campus's degree-seeking population.

Over a 16-year period, IU's domestic enrollment of underrepresented minorities has increased by 110.7%. IU has been—and remains—committed to having a minority population that at least reflects the state's minority population. Yet again this year, IU's percentage of minority students exceeds the state's minority population percentage. Of all Indiana's public institutions, IU has the largest minority enrollment.

IU's increasing minority enrollment is testament, in part, to the meaningful actions we have taken in recent years to foster more welcoming and inclusive campus environments and to ensure that our minority students have the support and resources they need to recognize their fullest academic potential. But we will not rest on our recent successes. Continuing to take tangible action toward being a truly anti-racist university—one that advocates access, respect, equity, and community for all—will be critical in the months and years ahead.

IU has also focused on recruiting and enrolling 21st Century Scholars. Since FY 2015, the university has seen an increase of 32 percent in 21st Century Scholarship recipients. We are also proud to say that across all our campuses, on-time completion rates for 21st Century Scholars has improved in the last five years. These increases in on-time completion range from 8.4 percent to 28.3 percent. In addition, IU has 6,000 (or 56 percent) more Pell students than the entire lvy League, demonstrating our commitment to all students while maintaining national leadership.

EDUCATING TOMORROW'S HEALTH AND BUSINESS LEADERS

Our fall enrollment figures also illustrate the university's strong and increasing impact on Indiana's health and economic development. Noteworthy figures this fall include:

- More than 28,000 IU students enrolled in healthand business-related programs.
- A 30 percent increase in student enrollment in health sciences programs at IU Fort Wayne, now beginning its third academic year.
- A 48 percent increase in beginner enrollments in the IU Kelley School of Business's top-ranked Online MBA program.
- Over 17 percent growth in enrollment in online graduate business programs at IU.

These data tell only part of the story of the way IU continues to answer the state's call for highly trained employees who can meet the greatest public health and business challenges facing Indiana communities.

IU also remains a leader in degree production in Indiana with over 22,000 degrees produced in FY 2020, which is nearly half of all degrees produced in the state. Since 2010, IU's overall degree production has increased nearly 25 percent.

IU produces nearly half of all bachelor's degrees, nearly half of all master's degrees, and over half of all doctoral and professional degrees. We are the largest producers of doctors, nurses, teachers, and dozens of other vital professions, at a time when many of these fields are seeing labor demand increase.

ENSURING AFFORDABILITY AND STUDENT SUCCESS

Not only is IU producing nearly half the state's college-educated workforce, but we are ensuring that a college education is affordable. Over the past eight years, annual student loan borrowing has dropped by \$140.6 million, or 21.6 percent. We have also increased undergraduate gift aid by 51.1 percent over the past eight years for a total of \$132.7 million in the 2019–2020 academic year.



We are also ensuring that students are prepared to enter the workforce. More than 21,000 students participate in programs that help them to do so, including career coaching, resume writing, and interview preparation. We are also ensuring that IU Hoosiers see success after graduation. The career outcome rate, which measures students who accepted employment, pursued a continuing degree, served in the military or a volunteer program, in fiscal year 2019 was 93 percent for students who received an undergraduate degree. Of those students who accepted employment, 83 percent secured employment in their field of study.

IU ONLINE: MEETING STUDENTS WHERE THEY ARE

IU continues to honor its mission as Indiana's flagship public university by expanding access to its quality academic programs and working to more effectively reach nontraditional students seeking to further their education and earning power.

IU Online, launched in 2012, now offers over 150 online programs for both degree-seeking and non-degree-seeking students; the programs include certificates as well as associate, bachelor's, master's, and doctoral degrees. All of the more than 2,000 IU Online courses are developed and taught by IU faculty and are an extension of the IU curriculum.

This fall. 7.444 students are enrolled in IU Online. a 17.5 percent increase over last year's total. With its long experience in providing an authentically IU educational experience for online students, IU Online has been a critically important part of IU's rapid expansion of virtual education in response to the COVID-19 pandemic.

CATALYZING RESEARCH IN IU'S THIRD CENTURY

As IU begins a new century, its research enterprise is strong and well-placed to meet the challenges this century will bring. Fundamental to this strength are faculty of excellence and outstanding ability whose research and scholarship blaze new paths of knowledge for the enlightenment and betterment of humankind.

And as we enter that century, the excellence of IU's research faculty grows unabated. In fiscal year 2020, IU researchers received a record \$854 million in external funding for research and other activities. This is the highest total of external grant funding obtained by any research university in the state during the last fiscal year and the highest annual total—by far—in IU history.

This year's figure represents an increase of more than 25 percent over last year's total of \$680.2 million, which was the previous IU record. The total includes \$418 million in federal grants and contracts, including an IU record of \$245.7 million in funding from the National Institutes of Health, the major federal government source of support for health sciences research in the United States. It also includes \$48.7 million in awards from the National Science Foundation and \$81 million in sponsored funding from industry.

This year's total also includes a total of \$344.3 million in non-governmental grants, which is also an IU record and which represents an increase of more than 65 percent over last year's record of \$208.3 million. This record total in non-governmental grants was made possible, in part, by a one-time gift of \$145 million from our vital partners at IU Health—for which we are enormously grateful. This will support the new medical treatment and research complex in Indianapolis.

This year's record figure is all the more noteworthy in light of the extraordinary circumstances under which IU researchers have worked during the last several months of the fiscal year due to the COVID-19 pandemic. It is also noteworthy given the increasingly competitive environment that has faced researchers across the country. The demand for research funding has steadily increased and continues even more to exceed the supply.

The enormous success Indiana University faculty have had in competing for sponsored awards is a testament to the quality of our faculty and their work. IU's outstanding faculty are engaged in a wide range of research and scholarship that results in the generation of innovative new ideas, new intellectual works, and discoveries that cure disease, protect our environment, help secure our nation, grow the economy, and advance art and culture in our communities.

IU'S ECONOMIC IMPACT IN THE STATE

Earlier this year, IU contracted with Emsi, a labor market analytics firm and an affiliate of the Strada Education Network, to do a study on the university's statewide economic impact.

Their report demonstrates that during FY 2019, IU created \$9.9 billion in added income for Indiana.

This impact on Indiana can be felt widely and tangibly across each of its 92 counties. Through the scope of its activities, IU vastly benefits Indiana by educating citizens, preventing and treating disease to improve health, enriching arts and culture, enhancing policymaking, developing sustainable infrastructure, and promoting economic growth. Of this nearly \$10 billion total, \$7 billion comes from alumni impact.

One out of every 26 jobs in Indiana is supported by the activities of IU and its students. The \$9.9 billion impact supported 151,015 state jobs, which includes those based on direct and indirect spending, using the jobs-to-sales ratios specific to each industry in the state. According to the Bureau of Labor Statistics, Indiana had nearly 4 million total jobs during the analysis year. As the analysis indicates, IU supports 151,015 of those jobs, which translates to one out of every 26 jobs in Indiana being supported by the activities of IU and its students. Thus, if IU and its alumni did not exist, one out of every 26 jobs in Indiana similarly would not exist.

For every dollar that a student invests in their education at IU, they will receive \$3.50 in higher future earnings. A degree from IU provides citizens with the capacity to increase lifetime earning potential and to achieve upward social mobility. And research indicates that a well-educated workforce corresponds with improved health, lower rates of mortality, and lower overall rates of crime and poverty.

CONCLUSION

As we begin Indiana University's third century of service, our mission must be—as it has always been—to confirm our traditions of excellence in our fundamental missions of education, research, and service, and by so doing, ensure that Indiana University will be a leader among the great universities of the 21st century.

As this financial report illustrates, Indiana University continues to regard the funding it receives as a public trust. We are deeply grateful for the support we receive from state appropriations, donor contributions, grants, contracts, and student fees, and are committed to achieving the best return on all of those investments. We also remain dedicated to fulfilling IU's core missions of education and research and to contributing in myriad ways to the growth, prosperity, and security of the Hoosier state.



Yours sincerely, Michael A. McRobbie President





MESSAGE FROM THE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

John A. Sejdinaj, Vice President and Chief Financial Officer, Indiana University



Dear President McRobbie and the Trustees of Indiana University:

generally accepted accounting principles and Governmental Accounting Standards Board l am pleased to present to you the Indiana University Financial Report for the fiscal year ended June 30, 2020. The financial statements have been prepared in accordance with (GASB) principles. The accompanying notes and the Management's Discussion and Analysis are integral parts of the financial statements. The statements are intended to provide a summary of the flow of the economic resources of comparative data from the previous fiscal year. In addition, financial results of the Indiana the university during the fiscal year covering the period of July 1, 2019, through June 30, 2020. The statements report the university's financial position at June 30, 2020, with University Foundation are incorporated in the 2019–2020 financial report.

The financial statements have been audited by the Indiana State Board of Accounts. Their opinion on the financial statements appears after this letter.

campuses for which Indiana University has fiscal responsibility and also includes all auxiliary health. Overall, these indicators show that Indiana University continues to have a strong section of the financial report includes indicators that assess Indiana University's fiscal The Indiana University Financial Report is a consolidated report incorporating all seven operations. The information presented in the Management's Discussion and Analysis balance sheet reflecting sound and careful fiscal management across the institution.

\$193,482,000, or 5%, over the prior year. This positive financial performance was achieved increased by 2.5% for in-state tuition and by 3.0% for out-of-state tuition. Complementing For the fiscal year ending June 30, 2020, the institution had an increase in net position of these moderate tuition increases was continued financial support for our students with while focusing on affordability. Undergraduate tuition and fee rate increases in 2020 \$493,664,000 provided in financial assistance.

support for University operations was \$589,746,000, while state support for capital projects state, combined with the fiscal stewardship of those across the University who have allowed Affordability is also maintained through the continued financial support of donors and the us to continue to invest in the programs and facilities required to educate and prepare students to contribute to the state, the nation, and the world. In fiscal year 2020, state was \$20,036,000. Simultaneously, donor support brought into the University was \$152,005,000.

Indiana University is one of seven public universities that hold an Aaa long-term credit rating fiscal management, but also the effective governance of senior leadership and the Board of from Moody's Investor Services, as well as an AAA rating from Standard and Poor's. These ratings reflect not only IU's strong financial performance and focus on high standards and Trustees, the quality of our academic programs, our ability to plan for the future, and our continued focus on efficiency and affordability.

resources, I submit the Indiana University Financial Report for the fiscal year ending On behalf of all those responsible for the fiscal stewardship of Indiana University's June 30, 2020.



John A. Sejdinaj

Vice President and Chief Financial Officer



STATE BOARD OF ACCOUNTS 302 WEST WASHINGTON STREET **ROOM F418** INDIANAPOLIS, INDIANA 46204-2769

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF INDIANA UNIVERSITY, BLOOMINGTON, INDIANA

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Indiana University (University), a component unit of the State of Indiana, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the 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 the 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 Indiana University Foundation, Inc. (Foundation), a component unit of the University as described in Note 1 which represents 100 percent, 100 percent, and 100 percent, respectively, of the total assets, net position, and revenues of the discretely presented component unit. We also did not audit the Schedule of Investments Held by the Foundation on behalf of the University. Those statements and schedule were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation and the investments held by the Foundation, is based solely on the reports 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 financial statements of the Foundation and the Schedule of Investments Held by the Foundation were audited in accordance with auditing standards generally accepted in the United States of America, but were not audited in accordance with Government Auditing Standards.



INDEPENDENT AUDITOR'S REPORT (Continued)

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 University'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 University'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 the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University, as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the University's Proportionate Share of the Net Pension Liability for the Indiana Public Employees' Retirement Fund, Schedule of the University's Contributions for the Indiana Public Employees' Retirement Fund, and Schedule of the University's Total Liability for Other Postemployment Benefit Plans, 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 accompanying Message from the President, Message from Vice President and Chief Financial Officer, Trustees and Administrative Officers of Indiana University, and Additional Information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Message from the President, Message from Vice President and Chief Financial Officer, Trustees and Administrative Officers of Indiana University, and Additional Information 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 23, 2020, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University's internal control over financial reporting and compliance.

> Paul D. Joyce Paul D. Joyce, CPA State Examiner

October 23, 2020

Introduction

The following discussion and analysis provides an overview of the consolidated financial position and activities of Indiana University (the "university") for the fiscal year ended June 30, 2020, with selected comparative information for the fiscal years ended June 30, 2019 and 2018. This discussion has been prepared by management and should be read in conjunction with the consolidated financial statements and accompanying notes to the financial statements, included in this Annual Financial Report.

Indiana University was founded in 1820 and is one of the largest state-supported universities in the United States. The university is a major multi-campus public research institution, grounded in the liberal arts and sciences, and a world class leader in professional, medical, and technological education. Indiana University's mission is to provide broad access to undergraduate and graduate education for students throughout Indiana, the United States, and the world, as well as outstanding academic and cultural programs and student services. The university seeks to create dynamic partnerships with the state and local communities in economic, social, and cultural development and to offer leadership in creative solutions for 21st-century problems. Indiana University strives to achieve full diversity and to maintain friendly, collegial, and humane environments with a strong commitment to academic freedom.

The university's annual financial report includes three financial statements: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows. The university's financial statements, related notes to the financial statements, and required supplementary information, including management's discussion and analysis, have been prepared in accordance with Governmental Accounting Standards Board (GASB) principles. GASB required supplementary information is not audited and should be read in conjunction with the financial statements and notes to the financial statements.

The Indiana University Foundation (IU Foundation) is organized as a not-for-profit corporation under the laws of the State of Indiana for the exclusive purpose of supporting the university by receiving, holding, investing, and administering property and making expenditures to or for the benefit of the university. The IU Foundation is considered a component unit of the university that requires discrete presentation. Accordingly, the IU Foundation's audited financial statements are presented on separate pages, along with the university's financial statements.

The Indiana University Building Corporation (IUBC) serves specific purposes on behalf of the university and is shown in a blended presentation with the university's financial statements. The sole purpose of IUBC is to assist the university in the financing and development of university facilities by owning and leasing such facilities to the university on a lease-purchase basis.

About the Financial Statements

The **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 as of the end of the fiscal year, with comparative information for the prior fiscal year. Net position is the residual value of the university's assets and deferred outflows of resources, after liabilities and deferred inflows of resources are deducted, and is one indicator of the financial condition of the university.

The Statement of Revenues, Expenses, and Changes in Net Position is the university's income statement. The statement presents the total revenues recognized and expenses incurred by the university during the fiscal year, along with the increase or decrease in net position with comparative information for the prior fiscal year. 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 improvement or decline in the university's overall financial condition.

The **Statement of Cash Flows** provides additional information about the university's financial results by presenting detailed information about cash inflows and outflows during the fiscal year, with comparative

information for the prior 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 and to meet obligations as they come due.

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, 2020, 2019, and 2018, is summarized as follows:

Condensed Statement of Net Position (in thousands of dollars)							
		June 30, 2020	Ju	une 30, 2019		June 30, 2018	
Current assets	\$	902,893	\$	643,409	\$	567,218	
Capital assets, net		3,532,546		3,354,987		3,278,609	
Other assets		1,657,199		1,665,177		1,682,820	
Total assets		6,092,638		5,663,573		5,528,647	
Deferred outflows of resources		80,225		88,336		117,817	
Current liabilities		470,485		459,046		442,883	
Noncurrent liabilities		1,571,865		1,373,121		1,397,908	
Total liabilities		2,042,350		1,832,167		1,840,791	
Deferred inflows of resources		44,475		27,186		23,534	
Net investment in capital assets		2,487,799		2,391,112		2,320,100	
Restricted net position		480,321		297,086		286,520	
Unrestricted net position		1,117,918		1,204,358		1,175,519	
Total net position	\$	4,086,038	\$	3,892,556	\$	3,782,139	



Assets

Current Assets

Current assets include those that are used to support current operations and consist primarily of cash and cash equivalents, net receivables, and short-term investments. Cash balances support commitments to strategic initiatives, capital projects, employee benefit and retirement costs, self-liquidity requirements, and ongoing operational needs. The overall fluctuations in current assets are primarily a function of the university's revenue and expense cycles, along with investment activities.

Current assets increased \$259,484,000, or 40%, and increased \$76,191,000, or 13%, in 2020 and 2019, respectively. The increase in 2020 is primarily attributable to an increase in cash and cash equivalents of \$306,146,000 partially offset by a decrease in short-term investments of \$63,759,000. The increase in cash and cash equivalents is driven primarily by an increase in construction funds, which was impacted by the timing of the debt issuance and construction spending, a gift received for building a new academic and medical center in Indianapolis, and tactical changes to the allocation of financial assets in part related to uncertainties brought by the pandemic. The increase in 2019 is primarily attributable to an increase in cash and cash equivalents of \$44,938,000 and short-term investments of \$22,846,000. The objective of the university's investment policy with respect to its operating funds is to adequately provide for the liquidity needs of the university while maximizing the opportunity to increase yield on investments. The management of the university's operating funds permits flexibility while providing a consolidated basis from which to meet liquidity demands. Decisions on management of cash and shorter term holdings are based on asset prices, the economic environment, investment opportunities, and liquidity needs.

Noncurrent Assets

Major components of noncurrent assets are capital assets, net of accumulated depreciation, and endowment and operating investments. Noncurrent assets increased \$169,581,000, or 3%, and increased \$58,735,000, or 1%, in 2020 and 2019, respectively. The increase in 2020 is

primarily attributable to an increase in capital assets of \$177,559,000 partially offset by a decrease in long-term investments of \$2,854,000. The increase in 2019 is primarily attributable to an increase in capital assets of \$76,378,000, partially offset by a decrease in long-term investments of \$10,673,000.

Capital Assets

The university's investment in capital assets, net of depreciation, which includes land, art and museum objects, infrastructure, equipment, and buildings, grew \$177,559,000, or 5%, and \$76,378,000, or 2%, in 2020 and 2019, respectively. Additions to capital assets are comprised of new construction and renovations, as well as major investments in equipment and information technology. Funding for capital assets consists of use of net position, capital appropriations, gifts designated for capital purposes, and debt proceeds (See Note 5, Capital Assets).

In accordance with the university's master plan and Bicentennial Strategic Plan; new, expanded, and renovated facilities to support IU's missions of education, research, and the long-term preservation of knowledge are a central priority of the university. Such facilities are critical to recruiting and retaining the best faculty and researchers, to ensuring that IU remains competitive in research and scholarship, and to providing a high-quality living and educational environment for IU students on all campuses.

Indiana University continues to reinvest in existing facilities through renovations and upgrades, as well as construction of new facilities, as needed to support academic programming and research. Utilization of these facilities provides students, faculty, and staff with new learning and research spaces via fiscally responsible methods that encourage efficient management and reuse of existing space, as well as new construction when appropriate.

Elimination of the university's deferred maintenance backlog on all campuses was a key component of the university's bicentennial plan. Much of the university's deferred maintenance totaling over \$1 billion has been





Arthur R. Metz Bicentennial Grand Carillon Arboretum; Bloomington

addressed through an intensive institutional commitment over the past decade. Long-term management of repair and rehabilitation projects must continue to ensure safe, effective, and efficient learning and work environments for students, faculty, and staff in the years to come. Funded by the State's formula repair and rehabilitation appropriation and IU student fees; Indiana University continues to address repairs or replacements of building exteriors, roofs, windows, electrical, plumbing, elevators, mechanical systems, interior construction, and utilities.

Total capitalized cost for the projects listed below was \$158,000,000. The systematic renovation of the buildings comprising the Bloomington campus core, known as the Old Crescent, continues with the Old Crescent Renovation—Phase III project, which focuses on Ballantine Hall and Geological Sciences. This project was funded by fee-replaced bonds. Due to the size of these facilities (both are among the largest and most heavily used buildings on campus), renovations are being completed in phases over a two-year period. This phasing allowed sections of the buildings to remain in use while other sections were under construction. The first phase of work at Geological Sciences and both phases of work at Ballantine were completed in fiscal year 2020.

The second phase for Geological Sciences will be complete for spring semester 2021. Ballantine received new energy-efficient building systems including plumbing, heating and air conditioning, electrical, and elevators, as well as roofs, windows, and accessibility upgrades. Classrooms were also updated with new technologies. Geological Sciences is undergoing similar work, with new mechanical, electrical, laboratory, and lighting systems, as well as fire protection, windows, and network connectivity. Classrooms and restrooms are being refurbished, student breakout spaces created, and building accessibility improved.

Also on the Bloomington campus, renovations of three residence hall complexes were completed in accordance with the university's long-term housing plan. McNutt Quadrangle, Foster Quadrangle, and Teter Quadrangle all opened for fall semester 2020, after having received updates including new mechanical systems, fire suppression, and accessibility upgrades. Additionally, new elevators were installed at McNutt and new windows at Foster. Capacity at these three complexes totals over 3,600 beds. Foster and McNutt were funded via non-fee replaced debt. Teter was funded through residential programs and services funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

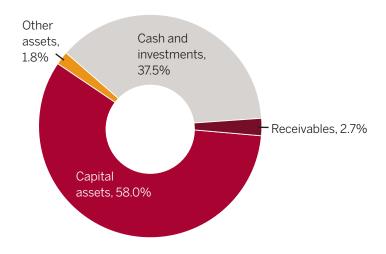
At the Northwest campus in Gary, as part of the university's continuing plan to reduce deferred maintenance on its regional campuses through successive phased projects, the John W. Anderson Library and Conference Center received new mechanical systems and interior renovations, including installation of fire sprinklers in public areas and new lighting. This project was funded by State of Indiana appropriations.

One of the most iconic projects of the university's bicentennial was the renovation and relocation of the Metz Carillon on the Bloomington campus. The carillon's previous location at the northern edge of campus was not practical for audience attendance and the tower was in need of extensive repair. A new tower was designed and constructed in the heart of campus at the Cox Arboretum on Tenth Street. The instrument's bells also were refurbished and four new bells were forged, bringing the total number of bells to 65 and making the carillon a grand carillon, one of fewer than 30 in the world and one of only a handful nationwide. The Metz Bicentennial Grand Carillon rang for the first time on January 20, 2020—the date on which the Indiana Seminary, later to become Indiana University, was founded in 1820. Regular concerts and recitals are now being given by the IU Jacobs School of Music, and the school also will invite distinguished carillonneurs from around the world to perform on the instrument. Upon approval of the project by the Indiana University Board of Trustees, IU's President Michael A. McRobbie said, "I am delighted that this superb instrument will once again become a central part of musical life on the IU campus. It will open up a whole new area of music where our students, faculty, staff, and visitors will have a wonderful new opportunity to experience the renown of our talented Jacobs School of Music faculty and students." This project was funded by private gifts.

The following table and chart represent the composition of total assets as of June 30, 2020:

Total Assets (in thousands of dollars)							
Cash and investments	\$	2,285,496	37.5%				
Receivables	Receivables 165,460 2.7%						
Capital assets 3,532,546 58.0%							
Other assets 109,136 1.8%							
Total assets \$ 6,092,638 100.0%							

Total Assets



Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of resources applicable to a future reporting period, but do not require a further exchange of goods or services. Deferred outflows represent the consumption of net position applicable to a future reporting period and will not be recognized as expenses or expenditures until then. Certain changes in resources related to the net pension liability (see Note 11, Retirement Plans) and the OPEB liability (see Note 12, Postemployment Benefits) are reported as deferred outflows of resources. The amounts recorded also include accumulated deferred charges on refundings of capital debt.

Liabilities

Current Liabilities

Current liabilities are those expected to become due and are payable over the course of the next fiscal year. Current liabilities consist of accounts payable, accrued compensation, compensated absences, unearned revenue, current portion of long-term debt and other obligations, current portion of postemployment benefits liability, and current portion of capital lease obligations.

Current liabilities increased \$11,439,000, or 2%, and \$16,163,000, or 4%, in 2020 and 2019, respectively. The increase in 2020 is primarily attributable to increases in current portion of unearned revenue of \$26,305,000 and accounts payable and accrued liabilities of \$21,428,000. These were partially offset by a decrease in the current portion of long-term debt and other obligations of \$30,441,000 and decrease in current portion of total other postemployment benefit obligations of \$5,816,000. Accounts payable and accrued liabilities increase is driven primarily by timing of receipt of invoices. The decrease in current portion of long-term debt and other obligations is primarily driven by a decrease in commercial paper notes outstanding. The increase in 2019 is primarily attributable to an increase in the current portion of long-term debt and other obligations of \$33,032,000 primarily due to an increase of \$33,800,000 in commercial paper notes outstanding. These were partially offset by a decrease in the current portion of unearned revenue of \$16,132,000. The changes in the current portion of unearned revenue in both 2020 and 2019 relate to the timing of sponsored grant spending for which receipts were received in advance of related expenditures.

Noncurrent Liabilities

Noncurrent liabilities increased \$198,744,000, or 14%, and decreased \$24,787,000, or 2%, in 2020 and 2019. respectively. The increase in 2020 is primarily attributable to an increase in bonds and notes payable of \$216,055,000 due primarily to issuance of debt during fiscal 2020 (See Debt and Financing Activity section below for additional information). The decrease in 2019 is primarily attributable to a decrease in net pension liability of \$23,490,000 and a decrease in total other postemployment benefit obligations of \$10,181,000, partially offset by an increase in bonds payable of \$12,310,000.

Debt and Financing Activities

Institutional borrowing capacity is a valuable resource that is actively managed in support of the institutional mission. Total bonds, notes, and capital lease obligations were \$1,247,223,000 and \$1,062,244,000 at June 30, 2020, and 2019, respectively (See Note 7, Other Liabilities).

The university had the following debt and financing activity related to bonds and notes occur within fiscal year ended June 30, 2020 (See Note 8, Bonds and Notes Payable and Other Obligations). Additionally, the university has an unused operating line of credit in the amount of \$600,000,000.

Commercial paper notes are issued by the university from time to time to provide for the temporary financing or refinancing of costs related to certain facilities on all of the Indiana University campuses, including costs of issuance of the notes. The university has no credit facilities and no lines or letters of credit for repayment of commercial paper. The university has a self-liquidity backed commercial paper program that guarantees the payment of the maturity amount of any commercial paper notes that are not placed to investors. The university will not cause commercial paper maturities in an aggregate principal amount exceeding \$25,000,000 to mature in any five-business day period.

On March 3, 2020, the university issued fixed-rate Consolidated Revenue Bonds, Series 2020A ("CRB 2020A") with a par amount of \$51,175,000 as current refunding bonds and Consolidated Revenue Bonds, Series 2020B ("CRB 2020B") with a par amount of \$221,810,000, which included new money bonds of \$155,825,000, the refinancing of Commercial Paper Notes Series 2018A, and advance refunding bonds of \$65,985,000. The CRB 2020B new money proceeds were used to finance the construction of the North Housing Addition and the renovation of the Foster and McNutt Quadrangles on the Bloomington campus. The CRB 2020A proceeds were used to redeem the Consolidated Revenue Bonds, Series 2010B and Series 2011A prior to fiscal year ended June 30, 2020. A portion of the Consolidated Revenue Bonds, Series 2020B proceeds were used to partially defease Consolidated Revenue Bonds, Series 2012A. The CRB 2020A and CRB 2020B



MANAGEMENT'S DISCUSSION AND ANALYSIS

proceeds were also used to pay costs to issue the bonds, including underwriters' discount. The all-in true interest cost for CRB 2020A and CRB 2020B was 1.73% and 2.41%, respectively. The CRB 2020A refunding bonds produced a net present value savings of \$10,070,000, which was 15.70% of refunded par bonds. The CRB 2020B refunding bonds produced a net present value savings of \$9,497,000, which was 15.55% of refunded par bonds.

On March 10, 2020, the university issued fixed-rate Lease Purchase Obligations, Series 2020A ("LPO 2020A") with a total par amount of \$79,545,000 and Lease Purchase Obligations, Series 2020B ("LPO 2020B") with a par amount of \$28,810,000. LPO 2020A included new money bonds of \$69,250,000 and current refunding bonds of \$10,295,000. LPO 2020A new money proceeds were used to finance the construction of the Academic Health Sciences Building and Wilkinson Hall on the Bloomington campus, Innovation Hall on the IUPUI campus, and refinance Commercial Paper Notes Series 2018A and Commercial Paper Notes Taxable Series 2019A. The LPO 2020A proceeds were used to redeem the Certificates of Participation, Series 2009B prior to fiscal year ended June 30, 2020. LPO 2020B consisted of advance refunding bonds and its proceeds were used to partially defease both the Certificates of Participation, Series 2012A and Lease Purchase Obligations, Series 2014A. The LPO 2020A and LPO 2020B proceeds were also used to pay costs to issue the bonds, including underwriters' discount. The all-in true interest cost for LPO 2020A and LPO 2020B was 2.53% and 2.34%, respectively. The LPO 2020A refunding bonds produced a net present value savings of \$1,476,000, which was 11.85% of refunded par bonds. The LPO 2020B refunding bonds produced a net present value savings of \$2,676,000, which was 10.23% of refunded par bonds.

On June 24, 2020, the university issued fixed-rate new money Student Fee Bonds Series Z-1 ("Series Z-1") with a par amount of \$81,265,000, which included new money bonds of \$50,705,000 and current refunding bonds of \$30,560,000, and Student Fee Bonds Series Z-2 ("Series Z-2") with a par amount of \$18,595,000 as advance

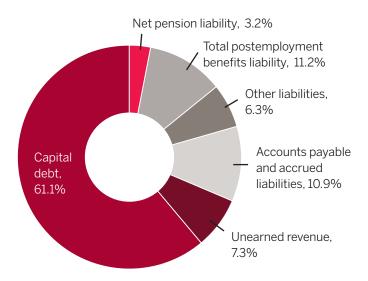
refunding bonds. The Series Z-1 new money proceeds were used to finance the Bicentennial Repair and Renovation Plan project, including the renovation and remodeling of the Glenn A. Black Laboratory of Archaeology, the Mathers Museum of World Cultures, and the McCalla School on the Bloomington Campus and renovations to the Health Sciences, Dunlap Drug Discovery Lab, Bryce, and Ott buildings on the IUPUI campus. The Series Z-1 proceeds were also used to refund a portion of Student Fee Bonds Series T-2, and the Series Z-2 proceeds were used to partially defease Series V-1. The proceeds were also used to pay costs to issue the bonds, including underwriters' discount. The all-in true interest cost for Series Z-1 and Series Z-2 was 1.23% and 1.03%. respectively. The Series Z-1 refunding bonds produced a net present value savings of \$5,810,000, which was 16.25% of refunded par bonds. The Series Z-2 refunding bonds produced a net present value savings of \$1,163,000, which was 7.05% of refunded par bonds.

On May 27, 2020, Moody's Investors Service rated the university's most recent student fee bonds and reaffirmed its underlying rating on all student fee bonds, consolidated revenue bonds, lease-purchase obligations, and certificates of participation as "Aaa." The university's commercial paper program carries a rating of P-1 from Moody's, which was reaffirmed on May 27, 2020. The university's outlook under Moody's Investors Service is stable. On May 27, 2020, S&P Global Ratings rated the university's most recent student fee bonds as "AAA." On the May 27, 2020 credit report, S&P Global Ratings reaffirmed its long-term rating and underlying rating on all student fee bonds, consolidated revenue bonds. certificates of participation, and lease-purchase obligations issued by the university as "AAA" and rated the university's commercial paper program as A-1+. The university's outlook under S&P Global Ratings is stable.

The following table and chart represent the composition of total liabilities as of June 30, 2020:

Total Liabilities (in thousands of dollars)						
Accounts payable and accrued liabilities	\$	222,072	10.9%			
Unearned revenue		148,461	7.3%			
Capital debt		1,247,223	61.1%			
Net pension liability		65,254	3.2%			
Total postemployment		229,203	11.2%			
benefits liability						
Other liabilities		130,137	6.3%			
Total liabilities	\$	2,042,350	100.0%			

Total Liabilities



Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of resources applicable to a future reporting period, but do not require a further exchange of goods or services. Deferred inflows represent an acquisition of net position applicable to a future reporting period and will not be recognized as revenue until then. The amounts recorded are related to the net pension liability (see Note 11. Retirement Plans) and the OPEB liability (see Note 12, Postemployment Benefits).

Net Position

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

- · Net investment in capital assets consists of the university's investment in capital assets, such as equipment, buildings, land, infrastructure, and improvements, net of accumulated depreciation and related debt.
- · Restricted net position consists of amounts subject to externally imposed restrictions governing usage and is divided into two sub-categories:
 - Restricted non-expendable funds are subject to externally imposed stipulations that they be retained in perpetuity. These balances represent the corpus (historical value) of the university's permanent endowment funds.
 - Restricted expendable funds are available for expenditure by the university, but must be spent according to restrictions imposed by third parties.
- Unrestricted net position includes amounts institutionally designated or committed to support specific purposes.



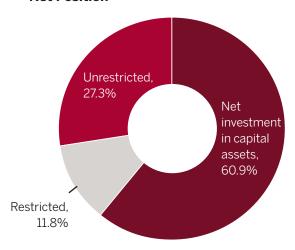
Classroom Geology Building; Bloomington

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table and chart represent the composition of net position as of June 30, 2020:

Total Net Position (in thousands of dollars)					
Net investment in capital assets	\$	2,487,799	60.9%		
Restricted		480,321	11.8%		
Unrestricted		1,117,918	27.3%		
Total net position	\$	4,086,038	100.0%		

Net Position



The university's net investment in capital assets reflects the institutional capital investment in sustaining and enhancing the university's mission and strategic plans. The net investment in capital assets increased \$96,687,000, or 4%, and \$71,012,000, or 3%, in 2020 and 2019, respectively. Growth in this area is managed according to the university's long-range capital plans, along with operating units' needs to support programs and operating needs.

Restricted net position increased \$183,235,000, or 62%, and increased \$10,566,000, or 4%, in 2020 and 2019, respectively. Variances in both years are due in part to fluctuations in spending of bond proceeds, which impact the capital projects component of restricted net position. In addition, during fiscal 2020, the university received a gift for building a new academic and medical center in Indianapolis.

Unrestricted net position is subject to internal designations and commitments for academic and research initiatives, capital projects, and unrestricted quasi- and term-endowment spending plans. Unrestricted net position represents resources available for ongoing operational needs and for funding ongoing obligations, as well as providing flexibility to support the university's mission in changing economic environments. Unrestricted net position decreased \$86,440,000, or 7%, and increased \$28,839,000, or 2%, in 2020 and 2019, respectively.

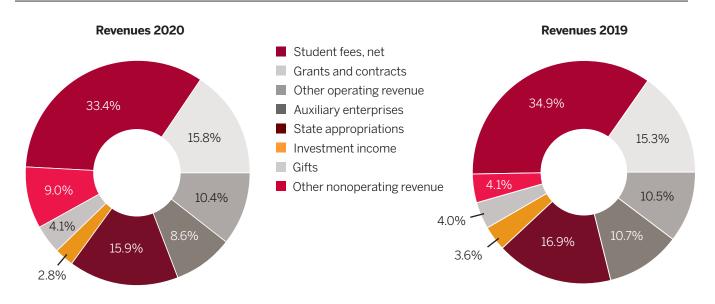
Net position increased \$193,482,000, or 5%, in 2020 and increased \$110.417.000, or 3%, in 2019. Net position at June 30, 2020, was \$4,086,038,000.

Statement of Revenues, Expenses, and Changes in Net Position

Revenues and expenses are classified as either operating or nonoperating in accordance with GASB principles for classification into these categories. Trends in the relationship between operating revenues and expenses are important indicators of financial condition. Generally, operating revenues are received for providing goods and services and include tuition and fees, grants and contracts, sales and services, and auxiliary revenue. Scholarship discounts and allowances are calculated as the difference between the stated charges for goods and services provided by the university and the amounts paid by students and/or third parties making payments on behalf of students. Nonoperating revenues include state appropriations, revenue from certain grants and contracts, gifts, and net investment income. Operating expenses are those incurred to carry out the normal operations of the university. Indiana University, as a public university, is required by GASB standards to report certain revenue sources that are an integral part of operations as nonoperating revenues.

A summarized comparison of the university's revenues, expenses, and changes in net position is presented below:

Condensed Statement of Revenues, Expenses, and Changes in Net Position (in thousands of dollars)						
			Fiscal Ye	ar Ended		
_		June 30, 2020	J	lune 30, 2019		June 30, 2018
Operating revenues	\$	2,523,577	\$	2,462,476	\$	2,385,536
Operating expenses		(3,474,955)		(3,304,476)		(3,175,110)
Total operating loss		(951,378)		(842,000)		(789,574)
Nonoperating revenues		998,964		954,023		865,526
Nonoperating expenses		(30,744)		(33,948)		(31,679)
Income before other revenues, expenses, gains, or losses		16,842		78,075		44,273
Other revenues		176,640		32,342		68,281
Increase in net position		193,482		110,417		112,554
Net position, beginning of year Adjustment per change in accounting principle		3,892,556		3,782,139		3,865,539 (195,954)
Net position, beginning of year, as restated		-		-		3,669,585
Net position, end of year	\$	4,086,038	\$	3,892,556	\$	3,782,139



MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating revenues increased \$61,101,000, or 2%, and \$76,940,000, or 3%, during 2020 and 2019, respectively. The university supports its operations with diverse revenue sources, of which the largest single source is student tuition and fees. Tuition and fees, net of scholarship allowances, increased \$30,068,000 and decreased \$712,000 during 2020 and 2019, respectively. Tuition and fee revenue is affected by a combination of changes in tuition rates, enrollment, and the mix of student levels and residency. Resident undergraduate tuition and fee rates increased by 1.4% at the Bloomington and IUPUI core campuses and 1.9% at IU's five regional campuses for both the 2017–2018 and 2018–2019 academic years. Resident undergraduate tuition and fee rates increased by 2.5% across all campuses for the 2019–2020 academic year. The modest increases reinforce the university's commitment to student affordability. The tuition increases helped to fund student success programming—student academic success, student financial success, and the health and well-being of students. The university has invested significantly in crucial infrastructure to support the research mission

across diverse areas of focus. Total operating grant and contract revenues from all sources increased \$58.486.000, or 11%, in 2020 and \$45.507.000, or 9%, in 2019. Other revenue, including hospital and practice plan support for School of Medicine research and other initiatives, increased \$17.627.000 and \$36.660.000 in 2020 and 2019, respectively.

Operating expenses increased \$170,479,000, or 5%, and \$129,366,000, or 4%, in 2020 and 2019, respectively (See Note 14, Functional Expenses). Compensation and benefits, at 65% of total operating expenses, represents the largest single university expense. The university's strategic plan makes a clear statement of commitment to recruit and retain an outstanding, diverse, and inclusive faculty from researchers, scholars, teachers, and creative artists worldwide who are recognized as among the very best in their fields. Compensation and benefits expense increased \$95,947,000, or 5%, and \$74,128,000, or 4%, in 2020 and 2019, respectively. University benefit plans play an important role in attracting and retaining employees and the university has implemented initiatives in recent



Roof Plaza Ballantine Hall; Bloomington



years to control costs without compromising the competitiveness of the benefit package. The university closely monitors benefit plan costs, trends, and benchmarks and implements changes annually to keep plan structures competitive and cost effective. The university's High Deductible Health Plan (HDHP) lowers employer premiums while providing employees with greater control over healthcare spending. Approximately 94% of employees were enrolled in a HDHP in 2020.

The university's Bicentennial Strategic Plan articulates a commitment to access and affordability for students. Representative of the Bicentennial Strategic Plan commitment to ensure that an Indiana University education remains financially accessible for all qualified students, the combination of student financial aid expense and scholarship allowances increased \$33,779,000, or 7%, and totaled \$493,664,000 in 2020. The increase in 2020 was primarily attributable to the CARES Act aid of approximately \$29,163,000, which was added to the amount reported as scholarships and fellowships expense. Energy and utilities expense was essentially flat when comparing 2020 to 2019. Supplies and general expense increased \$59,315,000, or 8%, and \$48,441,000, or 7%, in 2020 and 2019, respectively. In addition to payment timing differences, the increase in 2020 and 2019 was spread across research, academic, and capital facilities functions.

Nonoperating revenues, net of interest expense, increased \$48,145,000, or 5%, and increased \$86,228,000, or 10%, in 2020 and 2019, respectively. Grants, contracts, and other awards, increased \$46,630,000, or 43%, and increased \$1,356,000, or 1%, in 2020 and 2019, respectively. The increase in 2020 was primarily due to CARES Act Higher Education Emergency Relief Funding (HEERF). This funding included funds to provide emergency grants to students and to provide institutional relief for disruptions on campus caused by COVID-19. State operating appropriations are comprised of appropriations to support the primary general educational mission of the university and student fee replacement appropriations for the purpose of reimbursing a portion of the university's debt service for certain academic facilities. The State of Indiana appropriates operating funds to the state's colleges and universities on a performance-based funding model focused on key student success measures. Non-capital state appropriations totaled \$589,746,000 in

2020 and \$582,403,000 in 2019, and is the university's second largest revenue source, after tuition and fees. Investment income decreased \$22.545.000 and increased \$81,133,000 in 2020 and 2019, respectively. In 2020, fixed income allocation added the most to performance, as investment managers benefitted in a risk-off environment and from market fluctuations. Operating funds produced comparable investment results in 2020 and 2019; however, lower returns of endowment funds drove the decrease in investment income in 2020. Improved performance in 2019 was led by a steep rise in unrealized gains. Decreasing government interest rates and corporate credit spreads, as well as rising equity markets, all contributed to an increase in unrealized gains in 2019. The university's operating funds' investments yielded a 6.40% return, net of fees, in 2019. Improved fixed income performance in 2019 was led by decreasing interest rates and corporate credit spreads. Rising equity markets also contributed to performance in 2019, which was mainly reflected in unrealized gains.

The university recognized \$20,036,000 and \$20,047,000 in capital appropriations for repairs, renovations, and improvements across all campuses in 2020 and 2019, respectively. Capital gifts and grants increased \$142,357,000 due primarily to a gift received in fiscal 2020 for building a new academic and medical center in Indianapolis. Revenue recognized as capital appropriations and capital gifts and grants fluctuates according to availability of capital appropriations and the timing of when funding is brought in to the university according to the needs of the schools and campuses.

Statement of Cash Flows

The Statement of Cash Flows provides information about the university's financial results by reporting the major sources and uses of cash during the fiscal year. The statement assists in evaluating the university's ability to generate future net cash flows to meet its obligations as they become due and aids in analysis of the need for external financing. The statement is divided into four sections based on major activity: operating, noncapital financing, capital and related financing, and investing. A fifth section reconciles the operating income or loss on the Statement of Revenues, Expenses, and Changes in Net Position to the net cash used in operations.



MANAGEMENT'S DISCUSSION AND ANALYSIS

A summarized comparison of the university's changes in cash and cash equivalents is presented below:

Condensed Statement of Cash Flows (in thousands of dollars)						
			Fiscal	Year Ended		
	J	une 30, 2020	Jı	une 30, 2019	Ju	ne 30, 2018
Net cash provided (used) by:						
Operating activities	\$	(759,792)	\$	(689,802)	\$	(616,202)
Noncapital financing activities		909,634		828,397		821,232
Capital and related financing activities		(13,236)		(207,257)		(308,597)
Investing activities		169,540		113,600		100,096
Net increase (decrease) in cash and cash equivalents		306,146		44,938		(3,471)
Beginning cash and cash equivalents		268,926		223,988		227,459
Ending cash and cash equivalents	\$	575,072	\$	268,926	\$	223,988

The university's cash and cash equivalents increased \$306,146,000 and increased \$44,938,000 in 2020 and 2019, respectively. Net cash flows from operating activities consists primarily of tuition and fees, grants and contracts, and auxiliary enterprise receipts. Payments to employees represent the largest use of cash for operations. Significant sources of cash provided by noncapital financing activities, as defined by GASB, including state appropriations, federal Pell grants, and private noncapital gifts are used to fund operating activities. Fluctuations in capital and related financing activities reflect decisions made relative to the university's capital and financing plans. Cash flows from investing activities include the effects of shifts between cash equivalents and longer-term investments.

State Economic Outlook

Unlike the three previous years, state general fund revenues for fiscal year 2020 did not meet forecasted collections nor prior year collections. State revenues for 2020 were \$1,416,300,000, or 8.4% below forecast and \$1,031,700,000, or 6.3% below fiscal year 2019 collections. Sales tax collections, the largest single state tax revenue source, was the only "Big 3" source that experienced growth over the previous fiscal year at 1.6%

over fiscal year 2019. However, sales tax revenue did not hit estimated targets. Individual income tax collections fell by 13.0% compared to 2019. Rounding out the state's "Big 3" tax revenues, corporate income tax collections also declined by \$257,500,000, or 27.1% below fiscal year 2019. Despite an annual deficit of nearly \$900,000,000, the State was able to maintain reserve balances equal to \$1,418,900,000 as of June 30, 2020, or 8.6% of fiscal year 2020 general fund appropriations (down from 13.9%).

Looking ahead to fiscal year 2021, the financial implications related to the ongoing coronavirus pandemic make for an extremely unpredictable fiscal environment.

Indiana's unemployment rate was 3.4%, compared to 3.7% nationally, at the beginning of fiscal 2020 in July 2019, and at the end of the fiscal year in June 2020, the unemployment rate rose to 11.2%, compared to 11.1% nationally. In conclusion, the pandemic caused an unexpected and unprecedented financial hit to the State's and the Nation's economy. Finally, Indiana's tradition of conservative and effective fiscal management will serve the state well as we move forward in this time of uncertainty.

STATEMENT OF NET POSITION

(in thousands of dollars)	June 30, 2020	June 30, 2019
Assets		
Current assets		
Cash and cash equivalents	\$ 575,072	\$ 268,926
Accounts receivable, net	165,460	136,628
Current portion of notes and pledges receivable	12,329	12,780
Short-term investments	95,966	159,725
Other assets	54,066	65,350
Total current assets	902,893	643,409
Noncurrent assets		
Notes and pledges receivable	42,742	47,866
Investments	1,614,457	1,617,311
Capital assets, net	3,532,546	3,354,987
Total noncurrent assets	5,189,745	5,020,164
Total assets	6,092,638	5,663,573
Deferred outflows of resources	80,225	88,336
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	222,072	200,644
Unearned revenue	120,765	94,460
Current portion of capital lease obligations	1,900	1,937
Current portion of long-term debt and other obligations	98,108	128,549
Current portion of total other postemployment benefit obligations	27,640	33,456
Total current liabilities	470,485	459,046
Noncurrent liabilities		
Capital lease obligations	1,202	1,800
Notes payable	248,150	173,141
Assets held in custody for others	59,894	73,885
Unearned revenue	27,696	47,156
Bonds payable	897,863	756,817
Net pension liability	65,254	68,576
Total other postemployment benefit obligations	201,563	221,173
Other long-term liabilities	70,243	30,573
Total noncurrent liabilities	1,571,865	1,373,121
Total liabilities	2,042,350	1,832,167
Deferred inflows of resources	44,475	27,186
Net Position		
Net investment in capital assets	2,487,799	2,391,112
Restricted for:		
Nonexpendable - endowments	60,925	58,984
Expendable		
Scholarships, research, instruction, and other	143,951	122,944
Loans	20,832	20,647
Capital projects	237,439	77,539
Debt service	17,174	16,972
	·	
Unrestricted	1,117,918	1,204,358

The accompanying notes to the financial statements are an integral part of this statement.



Indiana University Foundation Statements of Financial Position

June 30, 2020 and 2019 (In thousands)

		2020	2019
Assets			
Cash and cash equivalents	\$	40,888	\$ 43,505
Collateral under securities lending agreement		50,203	98,251
Receivables		18,510	19,123
Due from brokers		54,788	67,499
Promises to give, net		284,727	251,707
Investments and other assets		2,598,610	2,677,524
Property, plant and equipment, net		57,451	58,327
Total assets	<u>\$</u>	3,105,177	\$ 3,215,936
Liabilities and Net Assets			
Liabilities:			
Accounts payable and other	\$	6,197	\$ 6,194
Due to brokers		55,454	76,873
Collateral under securities lending agreement		50,203	98,251
Split interest agreement obligations		41,578	42,633
Assets held for the University		227,908	240,662
Assets held for University affiliates		30,733	42,461
Total liabilities		412,073	507,074
Net assets:			
Without donor restrictions		99,993	96,808
With donor restrictions		2,593,111	2,612,054
Total net assets		2,693,104	2,708,862
101411101400010			



STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Fiscal Year Ended

(in thousands of dollars)	June 30, 2020	June 30, 2019
Operating revenues		
Tuition and fees	\$1,547,225	\$1,514,263
Less scholarship allowance	(313,068)	(310,174)
Federal grants and contracts	398,761	359,055
State and local grants and contracts	18,102	20,875
Nongovernmental grants and contracts	169,254	147,701
Sales and services of educational units	30,768	26,962
Other revenue	353,611	335,984
Auxiliary enterprises (net of scholarship allowance of \$40,130 in	210.024	207010
2020 and \$42,536 in 2019) Total operating revenues	318,924 2,523,577	367,810 2,462,476
-	2,323,377	2,402,470
Operating expenses	0.044.665	0.140.710
Compensation and benefits	2,244,665	2,148,718
Student financial aid	180,596	149,711
Energy and utilities	72,106	76,074
Travel	46,632	61,764
Supplies and general expense	762,827	703,512
Depreciation and amortization expense	168,129	164,697
Total operating expenses	3,474,955	3,304,476
Total operating loss	(951,378)	(842,000)
Nonoperating revenues (expenses)		
State appropriations	589,746	582,403
Grants and contracts	155,014	108,384
Investment income	102,199	124,744
Gifts	152,005	138,492
Interest expense	(30,744)	(33,948)
Net nonoperating revenues	968,220	920,075
Income before other revenues, expenses, gains, or losses	16,842	78,075
Capital appropriations	20,036	20,047
Capital gifts and grants	154,599	12,242
Additions to permanent endowments	2,005	53
Total other revenues	176,640	32,342
Increase in net position	193,482	110,417
Net position, beginning of year	3,892,556	3,782,139
Net position, end of year	\$4,086,038	\$3,892,556

The accompanying notes to the financial statements are an integral part of this statement.



Indiana University Foundation

Statement of Activities Year Ended June 30, 2020 (In thousands)

	Wit	hout Donor	٧	Vith Donor	
	R	estrictions	R	Restrictions	Total
Support and other revenue:					
Contributions	\$	2,465	\$	202,610	\$ 205,075
Investment income (loss), net		7,132		(48,949)	(41,817)
Management/administrative fees		23,234		(19,964)	3,270
Grants		-		6,267	6,267
Other income		10,025		10,814	20,839
Development service fees from the University		4,416		-	4,416
Change in value of split interest agreements		(263)		(502)	(765)
Net assets released from restrictions		169,219		(169,219)	
Total support and other revenue		216,228		(18,943)	197,285
Expenses:					
Grants and aid to the University		175,212		-	175,212
Management and general		15,792		-	15,792
Fundraising		22,039		-	22,039
Total expenses		213,043		-	213,043
Change in net assets		3,185		(18,943)	(15,758)
Net assets, beginning of year		96,808		2,612,054	2,708,862
Net assets, end of year	\$	99,993	\$	2,593,111	\$ 2,693,104

See notes to financial statements.



Fiscal Year Ended

(in thousands of dollars)	June 30, 2020	June 30, 2019
Cash Flows from Operating Activities		
Student fees	\$ 1,245,949	\$ 1,200,569
Grants and contracts	571,507	525,580
Sales and services of educational activities	22,004	24,201
Auxiliary enterprise charges	325,263	370,794
Other operating receipts	319,534	332,108
Payments to employees	(2,236,876)	(2,157,841)
Payments to suppliers	(829,200)	(844,196)
Student financial aid	(185,226)	(149,960)
Student loans collected	12,658	13,577
Student loans issued	(5,405)	(4,634)
Net cash used in operating activities	(759,792)	(689,802)
Cash Flows from Noncapital Financing Activities		
State appropriations	590,105	582,044
Nonoperating grants and contracts	167,718	108,384
Gifts and grants received for other than capital purposes	151,830	137,926
Direct lending receipts	498,815	499,600
Direct lending payments	(498,834)	(499,557)
Net cash provided by noncapital financing activities	909,634	828,397
Cash Flows from Capital and Related Financing Activities		
Capital appropriations	20,036	20,047
Capital grants and gifts received	152,990	7,352
Purchase of capital assets	(342,271)	(238,323)
Proceeds from issuance of capital debt, including refunding and		
other long term obligations	277,649	115,805
Principal payments on capital debt	(64,835)	(65,955)
Principal paid on capital leases	(2,543)	(2,736)
Interest paid on capital debt and leases	(54,262)	(43,447)
Net cash used in capital and related financing activities	(13,236)	(207,257)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	4,248,235	8,553,704
Investment income	45,456	52,787
Purchase of investments	(4,124,151)	(8,492,891)
Net cash provided by investing activities	169,540	113,600
Net increase in cash and cash equivalents	306,146	44,938
Cash and cash equivalents, beginning of year	268,926	223,988
Cash and cash equivalents, end of year	\$ 575,072	\$ 268,926

The accompanying notes to the financial statements are an integral part of this statement.



STATEMENT OF CASH FLOWS, CONTINUED

Reconciliation of operating loss to net cash used in operating activities:

(in thousands of dollars) **Fiscal Year Ended** June 30, 2020 June 30, 2019 (951,378)\$ (842,000)Operating loss Adjustments to reconcile operating loss to net cash used in operating activities: 168,129 164,697 Depreciation and amortization expense 1,443 1,470 Loss on disposal of capital assets Changes in assets and liabilities: (29,418)(2,301)Accounts receivable 11,283 (6,530)Other assets 5,575 7,861 Notes receivable 22.464 3.340 Accounts payable and accrued liabilities (5.859)(6.364)Unearned revenue (13,991)(157)Assets held in custody for others 48 (2,623)Net pension liability and related deferreds (4,547)Postemployment benefits liability and related deferreds (8,113)40,025 (2,648)Other noncurrent liabilities

\$

(759,792)

(689,802)

The accompanying notes to the financial statements are an integral part of this statement.



Landmark gate Dunn Street and Indiana 45/46 Bypass; Bloomington

Net cash used in operating activities



Note 1—Organization and Summary of Significant Accounting Policies

ORGANIZATION: Indiana University (the "university") is a major public research institution with fiscal responsibility for operations on seven campuses. Core campuses are located in Bloomington and Indianapolis ("Indiana University Purdue University at Indianapolis", or "IUPUI"), and regional campuses are located in Richmond ("IU East"), Kokomo ("IU Kokomo"), Gary ("IU Northwest"), South Bend ("IU South Bend"), and New Albany ("IU Southeast"). The financial statements include the individual schools, colleges, and departments as part of the comprehensive reporting entity. The university was established by state legislative act in 1838, changing the name of its predecessor, Indiana College, to Indiana University. The university's governing body, the Trustees of Indiana University (the "trustees"), comprises nine members charged by Indiana statutes with policy and decision-making authority to carry out the programs and missions of the university. Six of the members are appointed by the Governor of Indiana, and three are elected by university alumni. The university is a statesponsored institution and is classified as exempt from federal income tax as an integral part of the State of Indiana. Certain revenues of the university may be subject to federal income tax as unrelated business income under Internal Revenue Code Sections 511 to 514.

BASIS OF PRESENTATION: The university's fiscal year ends on June 30th. All references herein for the years 2020 and 2019 represent the fiscal year ended June 30, 2020 and 2019, respectively. The university financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). The university reports on a consolidated basis with a comprehensive, entity-wide presentation of the university's assets and deferred outflows, liabilities and deferred inflows, net position, revenues, expenses, changes in net position, and cash flows. Significant intra-university transactions are eliminated upon consolidation. The university follows all applicable GASB pronouncements. Unless otherwise specified, amounts presented within the notes to financial statements are rounded to the nearest thousands.

The university reports as a special-purpose government entity engaged primarily in business-type activities, as defined by GASB. Accordingly, these financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods and services.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

As a component unit of the State, the university is included as a discrete entity in the State of Indiana's Comprehensive Annual Financial Report.

REPORTING ENTITY: The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. GASB Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 80, Blending Requirements for Certain Component Units, as well as additional requirements of GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units, as amended by GASB Statement No. 61, The Financial Reporting Entity: Omnibus, provide criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with a primary government and classifies reporting requirements for these organizations. Based on these criteria, the financial report includes the university and its blended and discretely presented component units.

DISCRETELY PRESENTED COMPONENT UNIT: The Indiana University Foundation, Inc. (IU Foundation) is organized as a not-for-profit corporation under the laws of the State of Indiana for the exclusive purpose of



supporting the university by receiving, holding, investing, and administering property and making expenditures to or for the benefit of the university. The IU Foundation is considered a component unit of the university, which requires discrete presentation. Accordingly, the IU Foundation's audited financial statements are presented in their original formats on separate pages.

The IU Foundation is a not-for-profit organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB Statement Accounting Standards Codification (ASC) Topic 958, Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features differ from GASB revenue recognition criteria and presentation features. No modifications have been made to the IU Foundation's financial information in the university's financial reporting to adjust for these differences. The IU Foundation distributed \$168,606,000 and \$170,744,000 to the university during fiscal years 2020 and 2019, respectively. Complete financial statements for the IU Foundation can be obtained from: Indiana University Foundation, Attn: Controller, 1500 N. State Road 46 Bypass, Bloomington, IN 47408.

BLENDED COMPONENT UNIT: In September 2008, the Trustees of Indiana University directed, by resolution, that the Indiana University Building Corporation (IUBC) be formed to serve specific purposes on behalf of the university and designated that certain university administrative officers, by virtue of their titles, serve as directors and officers of IUBC. The sole purpose of IUBC is to assist the university in the financing and development of university facilities by owning and leasing such facilities to the university on a lease-purchase basis. The IUBC is reported as a blended component unit of the university and is consolidated within the university's financial statements.

CASH AND CASH EQUIVALENTS: Cash and cash equivalents includes highly liquid investments with original maturities of 90 days or less that bear little or no market risk. Restricted cash and cash equivalents includes unspent bond proceeds restricted for capital expenditures. **ACCOUNTS RECEIVABLE:** Accounts receivable consists primarily of amounts due from students, grants and contracts, and auxiliary enterprises and are recorded net of estimated uncollectible amounts.

NOTES RECEIVABLE: Notes receivable consists primarily of student loan repayments due to the university.

INVESTMENTS: Investments are stated at fair value, which represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The university values its investments using a hierarchy of valuation inputs based upon the extent to which the inputs are observable in the marketplace.

Realized and unrealized gains and losses are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

CAPITAL ASSETS: Capital assets are recorded at cost at the date of acquisition or estimated acquisition value at the date of contribution in the case of gifts. The university capitalizes equipment with a cost of \$5,000 or more and a useful life in excess of one year. Capital assets also include land improvements and infrastructure costing in excess of \$75,000. Buildings and building renovations that increase the useful life of the building costing \$75,000 or more are capitalized. Intangible assets with a cost of \$500,000 or more are subject to capitalization. Art and museum objects purchased by or donated to the university are capitalized if the value is \$5,000 or greater. Depreciation expense is computed using the straight-line method over the estimated useful lives of the respective assets, generally three to twenty years for equipment, ten years for library books, ten to forty years for infrastructure and land improvements, and fifteen to forty years for buildings and building improvements. Useful lives for capital assets are established using a combination of the American Hospital Association guidelines, Internal Revenue Service guidelines, and documented university experience. Land and capitalized art and museum collections are not depreciated.

DEFERRED OUTFLOWS OF RESOURCES: In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources represent the consumption of resources that are applicable to a future reporting period, but do not require a further exchange of goods or services. Deferred outflows for the university were as follows:

(dollar amounts presented in thousands)

Total deferred outflows of resources	\$	80.225	\$	88.336
Postemployment Benefits Other Than Pensions		56,022		53,655
Total OPEB liability under GASB No. 75, Accounting and Financial Reporting for				
Net pension liability under GASB No. 68, Accounting and Financial Reporting for Pensions		12,650		18,411
Accumulated deferred charges on refundings of capital debt	\$	11,553	\$	16,270
Deferred Outflows of Resources Related to:	June 3	0, 2020	June 3	30, 2019

COMPENSATED ABSENCES: Liabilities for compensated absences are recorded for vacation leave based on actual earned amounts for eligible employees who qualify for termination payments. Liabilities for sick leave are recorded for employees who are eligible for and have earned termination payments for accumulated sick days upon termination or retirement.

UNEARNED REVENUE: Unearned revenue is recorded for current cash receipts of student tuition and fees and certain auxiliary goods and services that will be recorded as revenue in future periods. Also included are amounts received from contract and grant sponsors that have not yet been earned.

DEFERRED INFLOWS OF RESOURCES: In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources represent the acquisition of resources that are applicable to a future reporting period, but do not require a further exchange of goods or services. Deferred inflows for the university were as follows:

Total deferred inflows of resources	\$ 44,475	\$ 27,186
Postemployment Benefits Other Than Pensions	32,159	12,478
Total OPEB liability under GASB No. 75, Accounting and Financial Reporting for		
Net pension liability under GASB No. 68, Accounting and Financial Reporting for Pensions	\$ 12,316	\$ 14,708
Deferred Inflows of Resources Related to:	June 30, 2020	June 30, 2019



NET POSITION: The university's net position is classified for financial reporting in the following categories:

- Net investment in capital assets: This component of net position includes capital assets, net of accumulated depreciation and outstanding principal debt balances related to the acquisition, construction, or improvement of those assets.
- Restricted—nonexpendable: Assets included in the nonexpendable restricted net position category are subject to externally imposed stipulations that the principal is to be maintained in perpetuity and invested for the purpose of producing present and future income, which may be either expended or added to principal. Such assets include permanent endowment funds.
- Restricted—expendable: Resources classified as restricted and expendable are those for which the university is legally obligated to spend in accordance with externally imposed stipulations or those stipulations that expire with the passage of time.
- *Unrestricted:* Unrestricted resources are not subject to externally imposed restrictions and are primarily used for meeting expenses for academic and general operations of the university.

When an expense is incurred for which both restricted and unrestricted resources are available, the university's policy is to apply the most appropriate fund source based on the relevant facts and circumstances.

REVENUES AND EXPENSES: University revenues and expenses are classified as either operating or nonoperating as follows:

- Operating revenues: Operating revenues result from exchange transactions, such as student tuition and fees (net of scholarship discounts and allowances). government and other grants and contracts, and sales and services of auxiliary enterprises (net of scholarship discounts and allowances).
- Operating expenses: Operating expenses are incurred to support exchange transactions resulting in operating revenue. Examples include compensation and benefits, student financial aid, and supplies and general expense.

 Nonoperating revenues and expenses: Nonoperating revenues and expenses include those derived from non-exchange transactions such as gifts, certain federal and state grants, and interest expense. Nonoperating revenues include significant revenue sources that are relied upon for operations, such as state appropriations, federal Pell grants, and investment income.

SCHOLARSHIP DISCOUNTS AND ALLOWANCES:

Student tuition and fees and other student revenues are reported gross with the related scholarship discounts and allowances directly below in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are calculated as the difference between the stated charges for goods and services provided by the university and the amounts paid by students and/or third parties making payments on behalf of students.

NEW ACCOUNTING PRONOUNCEMENTS: Effective for fiscal year ended June 30, 2020, the university adopted GASB 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This statement extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018.

The university will be required to implement the provisions of GASB Statement No. 84, Fiduciary Activities, effective for the fiscal year ending June 30, 2021. This GASB Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The university is in the process of determining the full impact of this standard on its financial statements.

The university will be required to implement the provisions of GASB Statement No. 87, Leases, effective for the fiscal year ending June 30, 2022. This GASB Statement intends to improve accounting and financial reporting for leases by establishing a single model for lease accounting based on the foundational principle that leases are financings of the

right to use an underlying asset. The university is in the process of determining the full impact of this standard on its financial statements.

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.

Note 2—Deposits and Investments

DEPOSITS AND INVESTMENTS: The trustees have acknowledged responsibility as a fiduciary body for the invested assets of the university. Indiana Code 30-4-3-3 requires the trustees to "exercise the judgment and care required by Indiana Code 30-4-3.5," the Indiana Uniform Prudent Investor Act. That act requires the trustees to act "as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution." The trustees have the responsibility to assure the assets are prudently invested in a manner consistent with the university's investment policy. The trustees have delegated the day-to-day responsibilities for overseeing the investment program to the Office of the Treasurer.

At June 30, 2020 and 2019, the university had deposits and investments, including endowment funds, as shown below:

(dollar amounts presented in thousands)

Total deposits and investments	\$ 2,285,495	\$ 2,045,962
Investments	1,614,457	1,617,311
Short-term investments	95,966	159,725
Cash and cash equivalents	\$ 575,072	\$ 268,926
	June 30, 2020	June 30, 2019

CUSTODIAL CREDIT RISK-DEPOSITS: The combined bank balances of the university's demand deposits were \$22,222,000 and \$39,511,000 with balances subject to custodial credit risk in the amount of \$10,836,000 and \$6,252,000 at June 30, 2020 and 2019, respectively. Of this amount, \$1,562,000 and \$4,249,000 was uninsured and uncollateralized and \$9,274,000 and \$2,003,000 was uninsured and collateralized with securities held by the pledging financial institution at June 30, 2020 and 2019, respectively. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The university does not have a formal deposit policy for custodial credit risk, however, the university monitors the credit rating and certain financial performance metrics of its custodial and commercial banks on a quarterly basis.

CUSTODIAL CREDIT RISK-INVESTMENTS: The

custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The university manages custodial credit risk through the types of investments that are allowed by investment policy. The university also monitors the credit rating and certain financial performance metrics of its custodial and commercial banks. The university had \$1,217,000 and \$2,330,000 exposed to custodial credit risk at June 30, 2020 and 2019, respectively. The university had \$13,106,000 and \$15.160.000 where custodial credit risk could not be determined at June 30, 2020 and 2019, respectively. The remainder of the university's investments is not exposed to custodial credit risk and reflects either investment securities registered in the name of the university, investment securities loaned for collateral received, or other types of investments not exposed to custodial credit risk.

INTEREST RATE RISK: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a deposit or investment. The university's policy for controlling its exposure to fair value losses arising from increasing interest rates is to constrain average portfolio duration within ranges of a target portfolio duration set for each portfolio of operating fund investments. The portfolios may seek to enhance returns by attempting to time movements of interest rates within the allowable ranges. The university invests in asset-backed securities, collateralized mortgage obligations, mortgage pass through securities, interest rate swaps, and swaptions that are highly sensitive to interest rate changes.

The university had fixed-rate debt securities with the following maturities at June 30, 2020:

		Fair Value	_		_Maturities	(in	years)		
Deposit and Investment Type	June 30, 2020			Less than 1	1–5		6-10	Mo	ore than 10
Corporate bonds	\$	381,458	\$	62,713	\$ 146,382	\$	110,224	\$	62,139
Government bonds		164,605		11,744	53,283		52,130		47,448
Government issued asset-backed securities		153,491		1,141	8,438		13,921		129,991
Asset-backed securities		120,545		1,773	43,721		11,932		63,119
Other fixed income funds		61,431		-	7,285		3,908		50,238
Total		881,530	\$	77,371	\$ 259,109	\$	192,115	\$	352,935
Deposits and investments not subject to interest rate risk:									
Money market funds		483,967							
U.S. equities		422,168							
External investment pools		234,000							
International equities		145,937							
All other		117,893							
Total deposits and investments	\$:	2,285,495							

The university had fixed-rate debt securities with the following maturities at June 30, 2019:

(dollar amounts presented in thousands)

		Fair Value				Maturit	ies (in years)		
Deposit and Investment Type		e 30, 2019		Less than 1	1–5			6-10	Мс	ore than 10
Corporate bonds	\$	303,553	\$	64,382	\$	180,043	\$	29,460	\$	29,668
Government bonds		211,912		54,620		61,280		53,276		42,736
Asset-backed securities		178,447		3,603		86,965		13,301		74,578
Government issued asset-backed securities		132,189		1,811		13,061		14,760		102,557
Other fixed income funds		127,639		88,007		9,549		3,599		26,484
Total		953,740	\$	212,423	\$	350,898	\$	114,396	\$	276,023
Deposits and investments not subject to interest rate risk:										
U.S. equities		382,087								
Money market funds		290,211								
External investment pools		246,815								
International equities		152,103								
All other		21,006								
Total deposits and investments	\$ 2	2,045,962	-							

CREDIT RISK: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The weighted average credit quality of each portfolio of university operating funds investments must be at least 'AA-/Aa3' for Defensive Managers, 'A/A2' for Core Plus Managers, or as specified in each manager's guidelines.

The credit ratings for the university's deposits and investments subject to credit risk as of June 30, 2020 are shown below:

Total deposits and investments	\$	2,285,495	_									
Not subject to credit risk		685,999										
Percentage subject to credit risk				35.74%	9.68%	7.95%	13.19%	2.76%		11.49%		19.19%
Total		1,599,496	\$!	571,598	\$ 154,822	\$127,119	\$211,019	\$ 44,104	\$1	83,799	\$3	07,035
External investment pools	5	234,000		-	-	-	-	-		-	2	234,000
Money market funds		483,967		483,964	-	-	-	-		-		3
Other fixed income funds	,	61,430		-	-	-	1,041	3,658		6,146		50,585
Government issued asset-backed securities		153,491		437	735	-	1,080	-		151,239		-
Asset-backed securities		120,545		81,089	6,085	5,145	5,653	163		6,855		15,555
Government bonds		164,605		2,881	124,983	5,607	12,683	2,256		11,102		5,093
Corporate bonds	,	\$ 381,458	\$	3,227	\$ 23,019	\$116,367	\$190,562	\$ 38,027	\$	8,457	\$	1,799
Investment Type		Fair Value		AAA	AA	Α	BBB	BB	Ве	elow BB	No	t Rated
(dollar arribarits presente												

The credit ratings for the university's deposits and investments subject to credit risk as of June 30, 2019 are shown below:

(dollar amounts presented in thousands)

Investment Type	F	air Value		AAA		AA	Α		BBB	BB	Ве	elow BB	Λ	lot Rated
Corporate bonds	\$	303,553	\$	1,851	\$	17,657	\$ 101,917	\$	134,822	\$ 33,999	\$	9,933	\$	3,374
Government bonds		211,912		6,001		164,452	17,226		6,768	8,004		6,201		3,260
Asset-backed securities		178,447		121,037		9,375	7,649		8,313	2,248		8,083		21,742
Government issued asset-backed securities		132,189		491		1,064	706		_	_		129,928		_
Other fixed income funds		127,639		-		-	-		1,387	5,698		5,417		115,137
Money market funds		290,211	2	285,395		-	-		-	-		-		4,816
External investment pools		246,815		-		_	-		-	-		-		246,815
Total	1	L,490,766	\$4	114,775	\$1	192,548	\$ 127,498	\$:	151,290	\$ 49,949	\$1	59,562	\$	395,144
Percentage subject to credit risk				27.82%		12.92%	8.55%		10.15%	3.35%		10.70%		26.51%
Not subject to credit risk		555,196												
Total deposits and investments	\$ 2	2,045,962												

CONCENTRATION OF CREDIT RISK: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The university's investment policy requires that deposits and investments are to be diversified to the extent that the securities of any single issuer shall be limited to 3.5% of the market value in a particular manager's portfolio or as specified in each manager's guidelines. The individual issuer limit does not apply to securities within a broadlydiversified, passively-managed index fund designed to represent a broad market.

FOREIGN CURRENCY RISK: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a government's deposits and investments. The university's policy for controlling exposure to foreign currency risk is to constrain deposits and investments in non-U.S. dollar denominated debt to 25% of an individual manager's portfolio or as specified in each manager's guidelines. Minimal foreign currency exposure could occur if one of the university's investment managers purchases

non-U.S. dollar holdings and does not hedge the currency. At June 30, 2020 and 2019, the university had immaterial amounts of deposits and investments exposed to foreign currency risk.

ENDOWMENTS: Endowment funds are managed pursuant to an Investment Agency Agreement between the trustees and the IU Foundation dated November 14, 2005, which delegates investment management responsibilities to the IU Foundation. Indiana Code 30-2-12, Uniform Management of Institutional Funds, sets forth the provisions governing the investment of endowment assets and the expenditure of endowment fund appreciation. The code requires that the trustees and their agents act in good faith and with the care a prudent person acting in a like position would use under similar circumstances, with respect to the investment of endowment assets. The code also sets forth provisions governing the expenditure of endowment fund appreciation, under which the trustees may authorize expenditures, consistent with donor intent. The trustees

may, at their discretion, direct all or a portion of the university's endowment funds to other deposits or investments, exclusive of the IU Foundation's investment funds. Funds held by endowments managed by the IU Foundation are used to acquire pooled shares. The spending policy of the trustees is to distribute 4.5% of the twelve quarter rolling average of pooled fund share values multiplied by the current number of shares held. The amounts of net appreciation on investments of donorrestricted endowments that are available for expenditure are \$33,008,000 and \$39,685,000 as of June 30, 2020 and 2019, respectively. These amounts are reported as restricted expendable for scholarships, research, instruction, and other in net position.

Endowment funds have a perpetual investment horizon and, as appropriate, may be invested in asset classes better suited to IU Foundation's longer time horizon, including but not limited to: stocks, bonds, real estate, private placements, and alternative investments. Endowment assets may be invested in commingled funds, direct investments, or a combination of the two. Assets will typically be diversified among high quality stocks and bonds. Additional asset classes such as absolute return, private equity, and real asset investments, may be included when it is reasonable to expect these investments will either increase return, reduce risk, or both. Participation in the pooled investments is achieved by owning units of the Pooled Long-Term Fund and is considered an external investment pool to the university. The external investment pool is not registered with the Securities and Exchange Commission and does not have regulatory oversight. The Investment Committee of the IU Foundation Board of Directors provides direct oversight of the pool. At June 30, 2020, all endowments held with the IU Foundation were invested in pooled funds. The fair value of the university's position in the pool is the same as the value of the pool shares. The Pooled Long-Term portfolio is diversified based on manager selection, investment style, geography, and asset type to avoid any disproportionate risk related to any one industry or security.



Rose Well House Old Crescent: Bloomington

POOLED SHORT TERM FUND (PSTF): Spending policy distributions from the Endowment funds are held in the PSTF until utilized by the university. The IU Foundation's PSTF Investment Policy Statement governs the deposit and investment of PSTF assets. Objectives of the PSTF include providing for the preservation of capital for account holders and maintenance of adequate liquidity to meet spending requirements.

The PSTF deposits and investments are managed to address appropriate diversification, specifically to mitigate interest rate risk and protect the fund against a concentration of credit risk. The IU Foundation's PSTF policy limits commercial paper, certificates of deposit, bankers' acceptances, and repurchase agreements to \$10,000,000 per issuer with the exception of U.S. Treasuries and Agencies, or accounts collateralized by Treasuries or Agencies. In addition, individual funds or managers such as money market funds and short-term bond funds, are not to exceed the lesser of \$75,000,000 or 20% of the portfolio.

Note 3-Fair Value Measurements

The fair value hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant, other observable inputs; Level 3 inputs are significant, unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. The university had the following recurring fair value measurements as of June 30, 2020:

(dollar amounts presented in thousands)								
				Fair Va	lue N	1easuremen	ts Us	ing
	June 30, 2020			uoted Prices in Active Markets for Identical Assets (Level 1)	Oi	ignificant Other bservable Inputs (Level 2)	Un	ignificant observable Inputs (Level 3)
Investments by fair value level:								
Debt securities								
Corporate bonds	\$	370,221	\$	_	\$	368,191	\$	2,030
Collateralized obligations and mortgage-backed securities		274,264		_		274,165		99
Government bonds		152,652		_		152,638		14
Commingled funds		50,238		41,681		_		8,557
Inflation index linked notes		17,257		_		17,257		_
Bank loans		11,193		_		11,193		_
Municipal and provincial bonds		2,863		_		2,863		-
Total debt securities		878,688		41,681		826,307		10,700
Equity securities		568,106		568,106		_		_
External investment pool		234,000		_		-		234,000
Real estate		6,269		_		-		6,269
All other		23,023		_		23,023		_
Total investments by fair value level		1,710,086	\$	609,787	\$	849,330	\$	250,969
Investments measured at the net asset value (NAV):								
Venture capital		337						
Total investments measured at the NAV		337						
Total investments measured at fair value	\$	1,710,423						

The university had the following recurring fair value measurements as of June 30, 2019:

(dollar amounts presented in thousands)

			Fair Value Measurements Using											
	Jui	ne 30, 2019	ii Ma	oted Prices on Active arkets for dentical Assets Level 1)	0	ignificant Other bservable Inputs (Level 2)	Un	Significant nobservable Inputs (Level 3)						
Investments by fair value level:														
Debt securities														
Corporate bonds	\$	303,303	\$	_	\$	302,823	\$	480						
Collateralized obligations and mortgage-backed securities		311,100		_		308,986		2,114						
Commingled funds		26,484		22,088		_		4,396						
Government bonds		209,514		_		209,498		16						
Inflation index linked notes		25,780		_		18,557		7,223						
Bank loans		13,194		_		13,194		-						
Municipal and provincial bonds		3,638		_		3,638		_						
Total debt securities		893,013		22,088		856,696		14,229						
Equity securities		534,174		534,174		_		_						
External investment pool		246,815		_		_		246,815						
Real estate		6,269		_		_		6,269						
All other		8,388		_		8,388		_						
Total investments by fair value level		1,688,659	\$	556,262	\$	865,084	\$	267,313						
Investments measured at the net asset value (NAV):														
Commingled bond fund		87,960												
Venture capital		417	_											
Total investments measured at the NAV		88,377	_											
Total investments measured at fair value	\$	1,777,036												

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

Debt securities classified in Level 1 at June 30, 2020 and 2019, are valued using unadjusted quoted prices in active markets for those securities.

The fair value of debt securities at June 30, 2020 and 2019, are determined primarily based on Level 2 inputs. The university estimates the fair value of these investments using observable, market-based inputs. Observable inputs are those that market participants would use in pricing the asset based on market data obtained from independent sources such as quoted market prices, reported sales of similar securities, and reference data.

The fair value of debt securities at Level 3 at June 30, 2020 and 2019, are determined using extrapolated data, proprietary models, indicative quotes, or similar



techniques taking into account the characteristics of the asset.

The fair value of equity securities at Level 1 at June 30, 2020 and 2019, are valued using unadjusted quoted prices in active markets for those securities.

The fair value of external investment pools at June 30. 2020 and 2019, are determined primarily based on Level 3 inputs. A monthly valuation assigned to the shares of the pool is used to determine the fair value of the investment pools. A significant portion of the investment pool, approximately \$227,091,000 and \$239,900,000 respectively at June 30, 2020 and 2019, was held at the IU Foundation. The fair value hierarchy of the foundation's investments can be found in Note 16, Indiana University Foundation Notes to Financial Statements.

The university holds several parcels of real estate for investment purposes. The fair values of these properties are based on appraisals received in June 2016. Since new appraisals were not received for this fiscal year, real estate is classified as Level 3 at June 30, 2020 and 2019.

The fair value of all other investments at June 30, 2020 and 2019, are determined primarily based on Level 2 inputs. The university estimates the fair value of these investments using observable, market-based inputs.

The university held shares or interests in commingled bond funds at June 30, 2019 where the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment company as a practical expedient. The commingled bond fund's investment objective is to invest primarily in a portfolio of higher-yielding fixed income securities.

The university holds shares or interests in a venture capital investment company where the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment company as a practical expedient. The company invests in venture capital firms with the objective that 60% of these are in Indiana and 60% are in the life sciences field. The unfunded commitment was approximately \$4,000 as of June 30, 2020 and 2019. This investment cannot be redeemed until the earlier of December 31, 2020, or one year after the date on which all of the fund's investments have been liquidated.

Note 4—Accounts Receivable

Accounts receivable consisted of the following at June 30, 2020 and 2019:

(
	June 30, 2020	June 30, 2019
Student accounts	\$ 58,451	\$ 50,637
Auxiliary enterprises and other operating activities	86,563	64,590
Federal, state, and other grants and contracts	18,159	18,118
Capital appropriations and gifts	1,298	3,332
Other	9,621	8,172
Current accounts receivable, gross	174,092	144,849
Less allowance for uncollectible accounts	(8,632)	(8,221)
Current accounts receivable, net	\$ 165,460	\$ 136,628

Note 5—Capital Assets

Fiscal year ended June 30, 2020

		Balance								Balance
	Jur	ne 30, 2019	Ad	ditions	Trans	fers	Reti	rements	Jun	e 30, 2020
Assets not being depreciated:										
Land	\$	85,857	\$	1,410	\$	_	\$	_	\$	87,267
Art & museum objects		105,133		4,098		_		21		109,210
Construction in progress		162,099		261,654	(102	2,228)		11		321,514
Total capital assets not being depreciated		353,089		267,162	(10	2201		32		517,991
•		333,069		207,102	(102	2,228)		32		517,991
Other capital assets:		257552		F 0.C1		1 005				264 570
Infrastructure		257,553		5,061		1,965		_		264,579
Intangibles		12,842		_		_		552		12,290
Land improvements		90,329		6,169	1	0,021		_		106,519
Equipment		500,355		31,017	1	5,557		17,675		529,254
Library books		150,850		4,490		_		22,670		132,670
Buildings		4,549,613		33,233	7	4,685		3,912		4,653,619
Total other capital assets		5,561,542		79,970	102	2,228		44,809	į	5,698,931
Less accumulated depreciation for:										
Infrastructure		170,339		5,675		_		_		176,014
Intangibles		11,965		380		_		407		11,938
Land improvements		38,192		4,779		_		_		42,971
Equipment		353,838		40,061		_		16,814		377,085
Library books		95,198		14,161		_		22,669		86,690
Buildings		1,890,112		103,073		_		3,507		1,989,678
Total accumulated depreciation, other										
capital assets		2,559,644		168,129		_		43,397	2	2,684,376
Capital assets, net	\$	3,354,987	\$:	179,003	\$	_	\$	1,444	\$3	,532,546

Fiscal year ended June 30, 2019

(dollar amounts presented in thousands)

	Balance				Balance
	June 30, 2018	Additions	Transfers	Retirements	June 30, 2019
Assets not being depreciated:					
Land	\$ 83,060	\$ 2,797	\$ -	\$ -	\$ 85,857
Art & museum objects	101,133	4,000	_	_	105,133
Construction in progress	195,073	115,671	(148,645)	_	162,099
Total capital assets not being					
depreciated	379,266	122,468	(148,645)	_	353,089
Other capital assets:					
Infrastructure	248,367	6,955	2,231	_	257,553
Intangibles	12,842	_	_	_	12,842
Land improvements	85,385	4,785	159	_	90,329
Equipment	472,970	37,378	16,172	26,165	500,355
Library books	169,852	6,769	_	25,771	150,850
Buildings	4,356,574	64,486	130,083	1,530	4,549,613
Total other capital assets	5,345,990	120,373	148,645	53,466	5,561,542
Less accumulated depreciation for:					
Infrastructure	164,792	5,547	_	_	170,339
Intangibles	10,872	1,093	_	_	11,965
Land improvements	33,829	4,363	_	_	38,192
Equipment	341,958	37,163	_	25,283	353,838
Library books	104,855	16,114	_	25,771	95,198
Buildings	1,790,341	100,417	_	646	1,890,112
Total accumulated depreciation, other					
capital assets	2,446,647	164,697	_	51,700	2,559,644
Capital assets, net	\$ 3,278,609	\$ 78,144	\$ -	\$ 1,766	\$ 3,354,987

The university incurred interest costs of \$43,524,000 and \$42,347,000 in fiscal years ending June 30, 2020 and 2019, respectively. Of these amounts, \$5,430,000 and \$3,046,000 was capitalized during the construction of capital assets in fiscal years ending June 30, 2020 and 2019, respectively.

Note 6—Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following at June 30, 2020 and 2019:

(dollar amounts presented in thousands)

152,243	126,477		
6,928	7,965		
42,605	48,464		
\$ 20,296	\$ 17,738		
June 30, 2020	June 30, 2019		
	\$ 20,296 42,605 6,928		

Note 7—Other Liabilities

Other liability activity for the fiscal years ended June 30, 2020 and 2019, is summarized as follows:

Fiscal year ended June 30, 2020

		Balance						Balance		
	Jι	ıne 30, 2019	/	Additions	R	eductions	Ju	ne 30, 2020	С	urrent
Bonds, notes, and capital leases payable:										
Bonds payable	\$	823,089	\$	225,891	\$	76,783	\$	972,197	\$	74,334
Notes payable		235,418		45,899		9,393		271,924		23,774
Capital leases payable		3,737		1,909		2,544		3,102		1,900
Total bonds, notes, and capital leases										
payable		1,062,244		273,699		88,720		1,247,223		100,008
Other liabilities:										
Unearned revenue		141,616		6,845		_		148,461		120,765
Assets held in custody for others		74,623		_		13,289		61,334		1,440
Compensated absences		78,659		27,343		15,015		90,987		42,605
Net pension liability		68,576		_		3,322		65,254		_
Total other postemployment benefit										
obligations		254,629		32,559		57,985		229,203		27,640
Other		378		21,839		356		21,861		_
Total other liabilities	\$	1,680,725	\$	362,285	\$	178,687	\$	1,864,323	\$	292,458

Fiscal year ended June 30, 2019

(dollar amounts presented in thousands)

		Balance			Balance					
	Jι	ine 30, 2018	,	Additions	R	eductions	Ju	ne 30, 2019		Current
Bonds, notes, and capital leases payable:										
Bonds payable	\$	812,822	\$	78,960	\$	68,693	\$	823,089	\$	66,272
Notes payable		208,420		33,800		6,802		235,418		62,277
Capital leases payable		6,193		280		2,736		3,737		1,937
Total bonds, notes, and capital leases										
payable		1,027,435		113,040		78,231		1,062,244		130,486
Other liabilities:										
Unearned revenue		147,980		_		6,364		141,616		94,460
Assets held in custody for others		75,295		_		672		74,623		738
Compensated absences		76,282		20,007		17,630		78,659		48,464
Net pension liability		92,066		_		23,490		68,576		_
Total other postemployment benefit obligations		268,543		27.878		41.792		254.629		33,456
Other		804				426		378		-
Total other liabilities	\$	1,688,405	\$	160,925	\$	168,605	\$	1,680,725	,	307,604

Note 8—Bonds and Notes Payable and Other Obligations

The university is authorized by acts of the Indiana General Assembly to issue bonds, notes, and other forms of indebtedness for the purpose of financing construction of facilities that include academic and administrative facilities, research facilities on the Bloomington and Indianapolis campuses, athletic facilities, parking facilities, student housing, health service facilities, student union buildings, and energy savings projects. At June 30, 2020, the university had serial bonds and term bonds with maturities that extend to June 1, 2060. At June 30, 2019, the university had serial bonds and term bonds with maturities that extend to June 1, 2044. The university has both tax-exempt and taxable bonds outstanding.

Fee replacement appropriations are a specific state appropriation to the university that the Indiana General Assembly authorizes on a biennial basis, for the purpose of reimbursing a portion of the debt service payments on bonds issued under IC 21-34-6 as student fee bonds for certain academic facilities, such as classrooms, libraries.

laboratories, and other academic support facilities as designated by the Indiana General Assembly that are received from the state on a semi-annual basis. Fee replacement appropriations are renewed and supplemented on a biennial basis because state statutes prohibit a sitting General Assembly from binding subsequent General Assemblies with respect to future appropriation of funds. The outstanding principal balances that are eligible for fee replacement appropriations as of June 30, 2020 and 2019, are \$357,990,000 and \$343,280,000, respectively.

Consolidated revenue bonds are unsecured obligations of the university that carry a promise of repayment that will come first from net income generated from housing facilities, parking facilities, and other auxiliary facilities along with certain research, health service facilities, and athletic revenues; and secondly, from other legally available funds of the university.

Indiana University Building Corporation ("IUBC") is an affiliated single-purpose Indiana not-for-profit entity that was formed by the Trustees of Indiana University in 2008 with the sole purpose of assisting the university in the financing and development of university facilities by owning and leasing such facilities to the university on a lease-purchase basis under Indiana Code 21-33-3-5 as either Certificates of Participation or Lease Purchase Obligations (collectively, "Obligations"). The leases are not subject to abatement or reduction. The leases are subject to early termination under certain circumstances, including the exercise of an option by the university to purchase the leased property or the condemnation of the leased property. When the debt obligations are fully repaid, all the leases are terminated and the real estate, facilities, and all subsequent improvements revert to the ownership of the university.

Indiana Code 21-32-2 permits the use of debt in the form of temporary borrowing in anticipation of future long-term borrowing for capital projects, when such long-term borrowing is authorized under other sections of the Indiana Code. The university has a commercial paper

program to provide interim financing for certain capital projects and may continue to do so in the future. The university may issue tax-exempt and/or taxable commercial paper. As of June 30, 2020 and 2019, the university has commercial paper outstanding, which is considered notes for reporting purposes. The university has no credit facilities and no lines or letters of credit for repayment of commercial paper. The university has a self-liquidity backed commercial paper program that guarantees the payment of the maturity amount of any commercial paper notes that are not placed to investors. The university will not cause commercial paper maturities in an aggregate principal amount exceeding \$25,000,000 to mature in any five-business day period. The commercial paper notes are not subject to redemption prior to their respective maturities or to acceleration of maturities. As of June 30, 2020, the university has no variable rate bonds outstanding.

The university has an unused operating line of credit in the amount of \$600,000,000.

The types of debt described above have the following associated pledges:

Type of Debt	Pledge	Terminology in Bond Documents
Student Fee Bonds	(Irrevocable) Student fees for principal, premium (if any), and interest	The pledge of student fees for the Student Fee Bonds will constitute a lien on, and security interest in, student fees.
Consolidated Revenue Bonds	No pledge	Not applicable
Lease Purchase Obligations and Certificates of Participation	Certain financed property	Any real or personal property pledged, mortgaged, or assigned by IUBC to the trustee bank, or in which IUBC grants to the trustee bank a security interest, under any indenture
Commercial Paper	No pledge	Not applicable
Operating Line of Credit	No pledge	Not applicable





Sunrise from University Library IUPUI

Science and Engineering Laboratory Building

The university is not party to any swap agreements. Obligations have terms related to significant events of default with finance-related consequences and subjective acceleration clauses as follows:

Upon the happening and continuance of any event of default, the trustee bank may, in its discretion, declare the principal of and interest accrued on all outstanding Obligations immediately due and payable, and, upon such declaration, such principal and interest shall thereupon become and be immediately due and payable; subject, however, to the rights of the holders of 51% in principal amount of all the outstanding Obligations, by written notice to IUBC and the trustee bank, to annul such declaration if all agreements with respect to which default shall have been made shall be fully performed and all such defaults have been cured, and all arrears of interest on all outstanding Obligations and the reasonable expenses and charges of the trustee bank and all other indebtedness secured by the Indenture (except the principal of and interest on any Obligations not then due by their terms) have been paid or the amount thereof has been paid to the

trustee bank for the benefit of those entitled thereto. Events of Default under Obligations are as follows:

- (a) the university's failure to perform or observe any of its obligations under a lease or the university's continuing breach of any representation or warranty after 30 days written notice;
- (b) the making by the university of an assignment for the benefit of its creditors:
- (c) an injunction on or against the leased property not released or discharged within 90 days;
- (d) proceedings in a court of competent jurisdiction for the reorganization, liquidation or dissolution of the university, bankruptcy or insolvency, or appointment of a receiver of the property, and under involuntary proceedings, no dismissal and no discharge, within 90 days of any receiver, trustee bank or liquidator appointed;
- (e) the failure of the university to pay an installment of rent within ten days after written notice.

Upon occurrence of an Event of Default under any of the leases, IUBC, at the option of IUBC, has certain rights and remedies, one of which is that IUBC may terminate such lease upon notice to the university.

As of June 30, 2020, and 2019, outstanding ("O/S") indebtedness from bonds, notes, and other obligations follow, all of which are direct borrowings:

Issue Type/Series	Issue Date	Original Issue (\$)	Interest Rate %	Final Maturity Date	Principal O/S June 30, 2019	Principal O/S June 30, 2020
Indiana Code 21-34-6 (Bonds: Student Fee Bond		.σσασ (ψ)	7,0,00		00,2010	00,2020
T-2: CIB, Labs, Educ/Arts	4/20/10	\$ 51,390	4.78	8/1/20	\$ 42,280	\$ 3,320
U: Neuroscience, Land Acquisition; Refunding of Series N, O and P	7/26/11	94,460	3.20-5.00	8/1/22	35,635	25,390
V-1: Energy Savings; Refunding of Series P, Q & R and Qualified Energy Savings Notes 2005, 2007 and 2008	10/26/12	60,265	5.00	8/1/22	42,270	20,410
V-2: Refunding of Series P	10/26/12	47,485	2.23	8/1/20	16,250	8,205
W-1: Franklin, Arts/Sciences	1/14/15	58,960	2.00-5.00	8/1/34	50,945	48,680
W-2: Refunding of Series R and S	1/14/15	62,765	4.00-5.00	8/1/32	62,765	58,635
X: Old Crescent II; Refunding of Series R and U	8/4/16	71,710	1.25-5.00	8/1/35	58,310	56,650
Y: Ballantine Hall, Geology	10/3/18	69,470	4.00-5.00	8/1/37	69,470	67,560
Z-1: Bicentennial R&R Plan	6/24/20	81,265	2.00-5.00	8/1/29	-	81,265
Z-2: Refunding Series T-2 and V-1	6/24/20	18,595	0.39-1.15	8/1/26	-	18,595
Subtotal Student Fee Bonds					377,925	388,710
Add unamortized bond premium					40,368	50,528
Total Student Fee Bonds					418,293	439,238
Indiana Code 21-35-3 (Bonds: Consolidated Reve	enue Bonds):					
2010B: Briscoe/Tulip, Gateway Garage	5/27/10	78,195	-	6/1/20	62,880	-
2011A: Riverwalk Garage	3/10/11	16,040	-	6/1/20	5,315	-
2012A: Spruce/Forest, house/dine, SELB, infrastructure; Refunding of Facility Revenue Bonds Series 2004A and Student Residence System Bonds Series 2004B	1/25/12	94,490	5.00	6/1/37	73,820	8,685
2015A: Read II, North Hall; Refunding of Facility Revenue Bonds Series 2000 and Consolidated Revenue Bonds Series 2008A and 2009A	4/1/15	146,960	3.00-5.00	6/1/42	136,195	124,155
2016A: Wells Quad; Refunding of Series 2008A, 2009A, and 2011A	4/5/16	93,070	2.75-5.00	6/1/41	91,050	90,340
2020A: Refunding of 2010B and 2011A	3/3/20	51,175	4.00-5.00	6/1/35	-	51,175
2020B: North Housing Add, Foster/McNutt; Refunding of Series 2012A	3/3/20	221,810	1.62-3.07	6/1/60	-	221,810
Subtotal Consolidated Revenue Bonds					369,260	496,165
Add unamortized bond premium					35,536	36,794
Total Consolidated Revenue Bonds					404,796	532,959
Subtotal bonds					747,185	884,875
Add unamortized bond premium					75,904	87,322
Total bonds					823,089	972,197

Issue Type/Series	Issue Date	Original Issue (\$)	Interest Rate %	Final Maturity Date	Principal O/S June 30, 2019	Principal O/S June 30, 2020
Indiana Code 21-33-3-5 Obligations (Notes: Certif						30, 2020
2009B: ALF II, Cinema, Public Health Ctyd	12/17/09	\$ 18,420	-	4/9/20	\$ 12,990	\$ -
2012A: Andy Mohr/Bart Kaufman Fields; Refunding of Certificates of Participation Series 2003A	2/9/12	23,750	3.00-4.00	12/1/22	15,750	3,220
2013A: Global & International Studies	3/8/13	22,515	3.00-5.00	6/1/33	17,815	16,885
2014A: University Hall	2/13/14	21,045	4.00-5.00	6/1/23	18,200	2,555
2015A: Simon Skjodt Assembly Hall	5/13/15	31,025	3.13-5.00	6/1/34	27,975	26,660
2017A: Mem Stad Acad, Eskenazi Museum	3/8/17	74,575	2.00-5.00	6/1/44	73,295	71,550
2020A: Wilkinson/Innovation Halls, Academic Health Sciences Bldg.; Refunding of Certificates of Participation Series 2009B	3/10/20	79,545	4.00-5.00	6/1/45	-	79,545
2020B: Refunding of Certificates of Participation Series 2012A & Lease Purchase Obligations Series 2014A	3/10/20	28,810	1.58-2.62	6/1/37	-	28,810
Subtotal Obligations					166,025	229,225
Add unamortized bond premium					15,193	29,945
Total Obligations					181,218	259,170
Indiana Code 21-32-2 (Notes: Commercial Paper)						
2018A: Parking/Office BldgFine Arts Annex; Wilkinson Hall; Golf; Foster Quad	Various	34,200	1.43, 1.55	9/4/19; 9/12/19	34,200	-
2018A: Parking/Office-Fine Arts Annex, Golf	Various	34,200	0.51	10/8/20	-	12,754
2019A: Academic Health Sciences Building	6/12/19	20,000	-	11/26/19	20,000	-
Subtotal Commercial Paper					54,200	12,754
Add unamortized bond premium					-	-
Total Commercial Paper					54,200	12,754
Subtotal notes					220,225	241,979
Add unamortized bond premium					15,193	29,945
Total notes					235,418	271,924
Subtotal bonds and notes payable and other obligations					967,410	1,126,854
Add unamortized bond premium					91,097	117,267
Total bonds and notes payable and other obligations					\$ 1,058,507	\$ 1,244,121

The principal and interest requirements to maturity for fixed rate bonds and notes payable follow:

(dollar amounts presented in thousands)

Fiscal Year Ending June 30	ı	Bond Principal	P	Note Principal		Total Principal	Bo	nd Interest		Note Interest	Tota	al Interest		otal Debt Service Payments
2021	 \$	<u>'</u>	 \$	9,035	 \$		\$				\$	43,651		
2022	Ψ	54,350	Ψ	9,435	4	63,785	Ψ	31,754	*	9,266	Ψ.	41,020	Ψ	104,805
2023		56,685		9,390		66,075		29,266		8,883		38,149		104,224
2024		51,645		9,490		61,135		27,091		8,457		35,548		96,683
2025		52,440		9,895		62,335		25,034		8,046		33,080		95,415
2026-2030		235,180		55,240		290,420		93,030		33,324		126,354		416,774
2031-2035		153,220		54,585		207,805		53,725		22,094		75,819		283,624
2036-2040		55,240		36,910		92,150		30,496		13,175		43,671		135,821
2041-2045		6,775		35,245		42,020		24,287		4,571		28,858		70,878
2046-2050		-		-		-		23,896		-		23,896		23,896
2051-2055		-		-		-		23,896		-		23,896		23,896
2056-2060		155,825		-		155,825		23,896		-		23,896		179,721
Total	\$	884,875	\$	229,225	\$	1,114,100	\$	420,358	\$	117,480	\$	537,838	\$	1,651,938

Bond and note interest shown above are reported gross of (before) any federal interest subsidy as scheduled at issuance to be received on taxable Build America Bonds. Of the debt service payments to maturity, \$463,005,000 are from bonds eligible for fee replacement appropriations.

Commercial paper notes are issued by the university from time to time to provide for the temporary financing or refinancing of costs related to certain facilities on all the university campuses, including costs of issuance of the

notes. The interest rate and term of the notes are subject to market conditions on the maturity date of the notes. The number of days to maturity may not exceed 270 days, with the final maturity of the notes being May 1, 2033. The university has available a \$100,000,000 commercial paper program. The university typically expects that capital projects temporarily financed with commercial paper would be long-term financed through the issuance of consolidated revenue bonds, Obligations, or certain student fee bonds that are not eligible for fee replacement.

As of June 30, 2020 and 2019, the following amounts of commercial paper outstanding, including interest rates are as follows:

	June 30	0, 2019)	June 30, 2020			
	Interest Rate %	Principal Interest Rate % Outstanding				cipal anding	
Tax-exempt	1.43-1.55	\$	34,200	0.51	\$	12,754	
Taxable	2.38		20,000	-		-	

In prior years, the university has redeemed several bond issues by issuing new debt. United States Treasury obligations or federal agency securities have been purchased in amounts sufficient to pay principal and some, but not all, interest through the call dates of the refunded bonds with the remaining interest due on the redemption date using sinking funds. United States

Treasury obligations or federal agency securities have been purchased and deposited in irrevocable trusts using escrow funds in amounts sufficient to pay principal and interest payments when due, through the call dates of the defeased bonds. The redeemed bonds and the related trusts balances are not reflected within principal outstanding, total debt service, or the university's liabilities.

As of June 30, 2020 and 2019, the following amounts of principal have been redeemed:

(dollar amounts presented in thousands)

Bonds Redeemed			Refunded O/S June 30, 2020	Defeased O/S June 30, 2020	Call Date	
Consolidated Revenue Bonds, Series 2011A	\$ -	\$ 5,375	\$ -	\$ -		
Student Fee Bonds, Series U		19,705	-	19,705	8/1/2022	
Consolidated Revenue Bonds, Series 2012A			-	61,090	6/1/2022	
Certificates of Participation, Series 2012A			-	11,300	6/1/2022	
Lease Purchase Obligations, Series 2014A			-	14,870	6/1/2023	
Student Fee Bonds, Series T-2			35,745	-	8/1/2020	
Student Fee Bonds, Series V-1			-	16,495	8/1/2022	
Total bonds	\$ -	\$ 25,080	\$ 35,745	\$ 123,460		

In February 2009, the United States Congress enacted the American Recovery and Reinvestment Act of 2009 (ARRA). ARRA allowed certain tax advantages to state and local governmental entities when such entities issued qualifying taxable obligations, referred to as Build America Bonds ("BABs"). While the BABs provisions in ARRA expired as of January 1, 2011, the obligation of the U.S. Treasury to make subsidy payments on BABs will remain in effect through the final maturity date of BABs. Although issuers of BABs were eligible to receive subsidy payments from the U.S. Treasury equal to 35% of the corresponding interest payable on the related BABs, subsidies paid after February 28, 2013, were cut due to the federal sequestration. Through June 30, 2020, BABs subsidies for Student Fee Bonds, Series T-2; Consolidated Revenue Bonds, Series 2010B; and Certificates of Participation, Series 2009B combined were reduced by \$1,251,000, which per fiscal year affected was less than \$200,000. Total federal interest subsidies expected to be received as of June 30,

2020 are \$994,000. BABs subsidies paid between October 1, 2020, and September 30, 2030, are scheduled to be reduced by 5.70% due to the federal sequestration, which is subject to changes enacted by Congress at subsequent dates, as compared to 5.90% from October 1, 2019 through September 30, 2020. For fiscal year ending June 30, 2021, the total expected subsidy reductions due to the sequestration is \$59,000.

On March 3, 2020, the university issued fixed-rate Consolidated Revenue Bonds, Series 2020A ("CRB 2020A") with a par amount of \$51,175,000 as current refunding bonds and Consolidated Revenue Bonds, Series 2020B ("CRB 2020B") with a par amount of \$221,810,000, which included new money bonds of \$155,825,000, the refinancing of Commercial Paper Notes Series 2018A, and advance refunding bonds of \$65,985,000. CRB 2020A is tax-exempt and federal arbitrage regulations apply. The CRB 2020B new money

proceeds were used to finance the construction of the North Housing Addition and the renovation of the Foster and McNutt Quadrangles on the Bloomington campus. The CRB 2020A proceeds were used to redeem the Consolidated Revenue Bonds, Series 2010B and Series 2011A prior to fiscal year ended June 30, 2020. A portion of the Consolidated Revenue Bonds, Series 2020B proceeds were used to partially defease Consolidated Revenue Bonds, Series 2012A. The CRB 2020A and CRB 2020B proceeds were also used to pay costs to issue the bonds, including underwriters' discount. CRB 2020A maturities range from June 1, 2021 to June 1, 2035. CRB 2020B maturities range from June 1, 2021 to June 1, 2060. The all-in true interest cost for CRB 2020A was 1.73% and for CRB 2020B was 2.41%. The CRB 2020A refunding bonds produced a net present value savings of \$10,070,000, which was 15.70% of refunded par bonds. The CRB 2020B refunding bonds produced a net present value savings of \$9,497,000, which was 15.55% of refunded par bonds.

On March 10, 2020, the university issued fixed-rate Lease Purchase Obligations, Series 2020A ("LPO 2020A") with a total par amount of \$79,545,000 and Lease Purchase Obligations, Series 2020B ("LPO 2020B") with a par amount of \$28,810,000. LPO 2020A included new money bonds of \$69,250,000 and current refunding bonds of \$10,295,000. LPO 2020A new money proceeds were used to finance the construction of the Academic Health Sciences Building and Wilkinson Hall on the Bloomington campus, Innovation Hall on the IUPUI campus, and refinance Commercial Paper Notes Series 2018A and Commercial Paper Notes Taxable Series 2019A. LPO 2020A is tax-exempt and federal arbitrage regulations apply. The LPO 2020A proceeds were used to redeem the Certificates of Participation, Series 2009B prior to fiscal year ended June 30, 2020. LPO 2020B consisted of advance refunding bonds and its proceeds were used to partially defease both the Certificates of Participation, Series 2012A and Lease Purchase Obligations, Series

2014A. The LPO 2020A and LPO 2020B proceeds were also used to pay costs to issue the bonds, including underwriters' discount. LPO 2020A maturities range from June 1, 2021 to June 1, 2045. LPO 2020B maturities range from June 1, 2021 to June 1, 2037. The all-in true interest cost for LPO 2020A was 2.53% and for LPO 2020B was 2.34%. The LPO 2020A refunding bonds produced a net present value savings of \$1,476,000, which was 11.85% of refunded par bonds. The LPO 2020B refunding bonds produced a net present value savings of \$2,676,000, which was 10.23% of refunded par bonds.

On June 24, 2020, the university issued fixed-rate new money Student Fee Bonds Series Z-1 ("Series Z-1") with a par amount of \$81,265,000, which included new money bonds of \$50,705,000 and current refunding bonds of \$30,560,000, and Student Fee Bonds Series Z-2 ("Series Z-2") with a par amount of \$18,595,000 as advance refunding bonds. Series Z-1 is tax-exempt and federal arbitrage regulations apply. The Series Z-1 new money proceeds were used to finance the Bicentennial Repair and Renovation Plan project, including the renovation and remodeling of the Glenn A. Black Laboratory of Archaeology, the Mathers Museum of World Cultures, and the McCalla School on the Bloomington Campus and renovations to the Health Sciences, Dunlap Drug Discovery Lab, Bryce, and Ott buildings on the IUPUI campus. The Series Z-1 proceeds were also used to refund a portion of Student Fee Bonds Series T-2 and the Series Z-2 proceeds were used to partially defease Series V-1. The proceeds were also used to pay costs to issue the bonds, including underwriters' discount. Series Z-1 maturities range from August 1, 2020 to August 1, 2035. Series Z-2 maturities range from August 1, 2020 to August 1, 2026. The all-in true interest cost for Series Z-1 was 1.23% and for Series Z-2 was 1.03%. The Series Z-1 refunding bonds produced a net present value savings of \$5,810,000, which was 16.25% of refunded par bonds. The Series Z-2 refunding bonds produced a net present value savings of \$1,163,000, which was 7.05% of refunded par bonds.

Note 9—Lease Obligations

The university has acquired equipment under various lease-purchase contracts and other capital lease agreements. The cost of equipment held under capital leases totaled \$8,390,000 and \$9,125,000 as of June 30, 2020 and 2019, respectively. Accumulated amortization of leased equipment totaled \$4,836,000 and \$5,422,000 at June 30, 2020 and 2019, respectively.

The university entered into agreements for the right to use certain infrastructure assets for a given period of time. The cost of the leased infrastructure assets totaled \$8,861,000 and \$8,861,000 with accumulated depreciation of \$2,198,000 and \$1,200,000 as of June 30, 2020 and 2019, respectively.

The university leases certain facilities. The majority of the facility leases include renewal options and some provide for escalation of rent based on changes in operating costs. Operating lease expenditures, which also represent the minimum rental payments, amounted to \$26,756,000 and \$14,942,000 for the fiscal years ended June 30, 2020 and 2019, respectively.

Scheduled lease payments for the years ending June 30 are as follows:

(dollar amounts presented in thousands)

Capital		Operating			
2022 925 2023 30 2024 33 2025 10 2026-2030 - Total future minimum payments 3,26 Less: interest (163					
2023 300 2024 33 2025 10 2026-2030	э ;	\$	22,269		
2024 3 2025 10 2026-2030 - Total future minimum payments 3,26 Less: interest (16	5		14,015		
2025 10 2026-2030	2		4,859		
2026-2030 Total future minimum payments 3,269 Less: interest (163)	2		4,261		
Total future minimum payments 3,269 Less: interest (166)	C		1,608		
payments 3,268 Less: interest (16.68)	_		2,932		
Less: interest (163					
	5 _	\$	49,944		
Total principal payments	3)				
outstanding \$ 3,102	2				

Note 10—Risk Management

The university is exposed to various risks of loss, including torts, theft, damage or destruction of assets, errors or omissions, job-related illnesses or injuries to employees, and health care claims on behalf of students, employees, and their dependents. The university manages these risks through a combination of risk retention and commercial insurance, including coverage from internally maintained funds, as well as from a wholly owned captive insurance company, Old Crescent Insurance Company (OCIC). The university is self-funded for damage to buildings and building contents for the first \$100,000 per occurrence with an additional \$400,000 per occurrence covered by OCIC, with commercial excess property coverage above this amount. The university is self-funded for comprehensive general liability and automobile liability for the first \$100,000 per occurrence with an additional \$900,000 per occurrence covered by OCIC and with supplementary commercial liability umbrella policies. The university has a malpractice and professional liability policy in the amount of \$500,000 for each claim and \$1,500,000 annually in aggregate provided by OCIC. The university is self-funded for the first \$850,000 for each Workers' Compensation claim and \$125,000 in the aggregate for all claims in excess of \$850,000 for each claim. Workers' Compensation claims above these amounts are covered by commercial insurance and are subject to statutory limits. The university is self-funded for the first \$850,000 for employer liability claims with an additional \$1,000,000 in coverage through commercial insurances. The amount of settlements has not exceeded insurance coverage in any of the past three fiscal years.

The university has three health care plans for full-time appointed active employees and one plan for under-65 retirees not yet eligible for Medicare. All of the employee plans are self-funded. The university records a liability for incurred but unpaid claims for university-sponsored, self-funded health care plans. This liability is estimated to be no more than 12.5% of the paid self-funded claims during the fiscal year and totals \$28,024,000 and \$27,665,000 at June 30, 2020 and 2019, respectively. In addition, a potential claims fluctuation liability of \$9.876.000 has been recorded at June 30, 2020 and 2019. Changes in the balances of accrued insurance liabilities were as follows:

(dollar amounts presented in thousands)

		Claims		
		Incurred and		
Fiscal	Beginning	Changes in	Claims	Ending
Year	Balance	Estimates	Paid	Balance
2020	\$ 27,665	\$ 253,436	\$253,077	\$ 28,024
2019	27,344	234,680	234,359	27,665
2018	25,150	235,388	233,194	27,344

Separate funds have been established to account for the liability of incurred but unpaid health care claims, as well as any unusual catastrophic claims fluctuation experience. All organizational units of the university are charged fees based on estimates of the amounts necessary to pay health care coverage costs, including premiums and claims.

The university also provides health care plans for graduate assistants, fellowship recipients, and medical residents. These plans are either fully insured or self-funded with a stop/loss provision. For these groups, the university has recorded a liability for incurred but unpaid claims for university-sponsored, self-funded health care plans in the amount of \$1,623,000 and \$1,536,000 at June 30, 2020 and 2019, respectively. These plans are funded by direct charges to the associated schools and/or departments.

Note 11—Retirement Plans

The university provided retirement plan coverage to 20,913 and 19,809 active employees as of June 30, 2020 and 2019, respectively, in addition to contributing to the Federal Insurance Contributions Act (FICA) as required by law.

RETIREMENT AND SAVINGS PLAN

All support and service employees with at least a 50% full-time equivalent (FTE) appointment and temporary with retirement employees scheduled to work at least 900 hours or more in a calendar year hired on or after July 1, 2013, participate in the Retirement and Savings Plan. This is a defined contribution plan under IRC 401(a). The

university contributed \$2,215,000 during fiscal year ended June 30, 2020, and \$4,928,000 during fiscal year ended June 30, 2019, to TIAA-CREF for the plan. The university contributed \$6,025,000 during fiscal year ended June 30, 2020, and \$1,212,000 during fiscal year ended June 30, 2019, to Fidelity Investments for the plan. Under this plan, there were 3,323 and 2,804 active participants as of June 30, 2020 and 2019, respectively. Beginning January 1, 2020, Fidelity became the sole provider of recordkeeping services for this plan.

ACADEMIC AND PROFESSIONAL STAFF EMPLOYEES

Appointed academic and professional staff employees with at least 50% FTE are covered by the IU Retirement Plan. This is a defined contribution plan under IRC 403(b). The university contributed \$23,264,000 during fiscal year ended June 30, 2020, and \$58,263,000 during fiscal year ended June 30, 2019, to TIAA-CREF for the IU Retirement Plan. The university contributed \$92,818,000 during fiscal year ended June 30, 2020, and \$54,321,000 during fiscal vear ended June 30, 2019, to Fidelity Investments for the IU Retirement Plan. Under this plan, there were 15,380 and 14,512 active participants as of June 30, 2020 and 2019, respectively. Beginning January 1, 2020, Fidelity became the sole provider of recordkeeping services for this plan.

In addition to the above, the university provides early retirement benefits to full-time appointed academic and professional staff employees who were in positions Grade 16 and above on or before June 30, 1999. There were 691 and 740 active employees on June 30, 2020 and 2019, respectively, covered by the IU Supplemental Early Retirement Plan (IUSERP), a defined contribution plan in compliance with IRC 401(a), with participant accounts at Fidelity Investments. The university contributed \$1,991,000 and \$2,089,000 to IUSERP during fiscal years ended June 30, 2020 and 2019, respectively. The same class of employees covered by the IU Retirement Plan 15% Level of Contributions on or before July 14, 1988, is covered by the IU 18/20 Retirement Plan. This plan is a combination of IRC Section 403(b) and Section 457(f) and can be found in Note 12, Postemployment Benefits. The IU 18/20 Retirement Plan allows this group of employees to retire as early as age 64, provided the individual has at least 18 years of participation in the IU Retirement Plan and at least 20 years of continuous university service.



INDIANA PUBLIC EMPLOYEES' RETIREMENT FUND

The university contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan with an annuity savings account provision. Indiana Public Retirement System (INPRS) administers the cost-sharing, multiple-employer defined benefit plan based on 35 IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. There are two tiers to the PERF Plan. The first is the Public Employees' Defined Benefit Plan (PERF Hybrid Plan) and the second is the My Choice: Retirement Savings Plan for Public Employees (My Choice), formerly known as Public Employees' Annuity Savings Account Only Plan (PERF ASA Only Plan). The university participates in the PERF Hybrid Plan. The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10.2, IC 5-10.3, and IC 5-10.5. There are two aspects to the PERF Hybrid Plan defined benefit structure. The first portion is

the monthly defined benefit pension. The second portion of the PERF Hybrid Plan benefit structure is the defined contribution component, known as Public Employees' Hybrid Members Defined Contribution Account. Both components are funded by employer contributions. Support staff and temporary employees who normally work at least 50% FTE appointment hired prior to July 1, 2013, participate in the PERF Hybrid Plan. There were 2,210 and 2,493 active university employees covered by this retirement plan as of June 30, 2020 and 2019, respectively. Per IC 5-10.2-4-4, key elements of the pension formula include years of PERF creditable service multiplied by average annual compensation multiplied by 1.1%, resulting in an annual lifetime benefit. Cost of living adjustments for members in pay status are not guaranteed by statute, but may be granted by the Indiana General Assembly on an ad hoc basis. Refunds of employee contributions are included in total benefit payments. Participants must have at least ten years of PERF creditable service to have a vested right to the defined pension benefit. The defined contribution account consists of contributions set by state statute at 3.0% of compensation plus the earnings credited to members' accounts. Participants are 100% vested from inception in





Landmark gate Third and Union Streets; Bloomington



the defined benefit account. INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The financial report and corresponding fiduciary net position is prepared using the accrual basis of accounting in conformity with Generally Accepted Accounting Principles (GAAP). INPRS applies all applicable GASB pronouncements in accounting and reporting for its operations. INPRS investments are measured at fair value within the fair value hierarchy established by GASB Statement No. 72, Fair Value Measurement and Application. The INPRS Comprehensive Annual Financial Report for 2019 may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 1-844-464-6777, or by reviewing the Annual Report online at www.in.gov/inprs/ annualreports.htm.

Required and actual contributions made by the university totaled \$12,141,000 and \$14,795,000 for fiscal years ended June 30, 2020 and 2019, respectively. This represented an 11.2% university pension benefit contribution for fiscal years ended June 30, 2020 and 2019, and a 3.0% university contribution for the annuity savings account provisions each year.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND **DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

Indiana Public Employees' Retirement Fund. At June 30, 2020, the University reported a liability of \$65,254,000 for its proportionate share of the net pension liability, as compared to \$68,576,000 for the year ended June 30, 2019. The June 30, 2020, net pension liability of \$65.254.000 at the measurement date was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, which used update procedures to roll forward the estimated liability to June 30, 2019. The university's proportion of the net pension liability was based on wages reported by the university relative to the collective wages of the plan. This basis measures the proportionate relationship of an employer

to all employers and is consistent with the manner in which contributions to the pension plan are determined. At June 30, 2019, the university's proportion was 1.97%, a decrease of .05 percentage points from its proportion measured as of June 30, 2018, which was 2.02%. The university's June 30, 2018 proportion decreased .04 percentage points from its proportion measured as of June 30, 2017, which was 2.06%. Pension expense of the university as of June 30, 2020 and 2019, was \$13,911,000 and \$12,172,000, respectively.

At June 30, 2020, the university reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(dollar amounts presented in thousands)

PERF	PERF									
	Ou	Outflows of Ir		rred vs of urces						
Differences between expected and actual experience	\$	1,728	\$	-						
Changes of assumptions		15	7	7,094						
Net difference between projected and actual earnings on pension plan investments		-	3	,084						
Changes in proportion and differences between university contributions and proportionate share of contributions		952	2	2,138						
University contributions subsequent to the measurement date		9,955		-						
Total	\$	12,650	\$ 12	,316						

Deferred outflows of resources in the amount of \$9,955,000 related to pensions resulting from university contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.





Sample Gates Old Crescent; Bloomington

At June 30, 2019, the university reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(dollar amounts presented in thousands)

PERI	_			
	Ou	eferred tflows of sources	In	eferred flows of sources
Differences between expected and actual experience	\$	897	\$	5 5
Changes of assumptions		163		11,011
Net difference between projected and actual earnings on pension plan investments		2,031		_
Changes in proportion and differences between university contributions and proportionate share of contributions		4,100		3,692
University contributions subsequent to the measurement date		11,220		_
Total	\$	18,411	\$	14,708

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Total	\$	(9,621)
Thereafter		_
2024		_
2023		(239)
2022		(1,310)
2021		(5,161)
2020	\$	(2,911)
Fiscal Year Ending June 30	I	PERF
, ,		

Actuarial Assumptions. The total pension liability as of June 30, 2019 and June 30, 2018, based on the results of actuarial valuation dates of June 30, 2018 and June 30, 2017, and rolled forward, respectively, were determined using the following actuarial assumptions, which were applied to all periods included in the measurement:

	PERF	
	Measurement Date as of June 30, 2019	Measurement Date as of June 30, 2018
Cost of living	FY 2020-2021 - 13th check	FY 2019-2020 – 13th check
	FY 2022-2033 - 0.4%	FY 2021-2032 - 0.4%
	FY 2034-2038 - 0.5%	FY 2033-2037 - 0.5%
	FY 2039 and on – 0.6%	FY 2038 and on - 0.6%
Inflation	2.25%, average	2.25%, average
Future salary increases	2.50% to 4.25%	2.50% to 4.25%
Investment rate of return	6.75%, net of investment expense	6.75%, net of investment expense
Mortality rates	Based on RP-2014 (with MP-2014	Based on RP-2014 (with MP-2014
	improvement removed) Total Data Set	improvement removed) Total Data Set
	Mortality Tables and Disability Mortality	Mortality Tables and Disability Mortality
	Tables for disabled members	Tables for disabled members

The actuarial assumptions used in the valuations of June 30, 2019, were adopted by the Indiana Public Retirement System Board pursuant to the experience studies that reflected the period from July 1, 2010, through June 30, 2014. Member census data as of June 30, 2018 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2018 and June 30, 2019. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2018 to the June 30, 2019 measurement date.





Luddy Hall Bloomington

Harper Hall Forest Quadrangle; Bloomington

The long-term expected rate of return on pension plan investments was determined 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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

		PERF				
	Measurement D	ate as of June 30, 2019	Measurement Date as of June 30,			
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return		
Public equity	22.0%	4.9%	22.0%	4.4%		
Private equity	14.0%	7.0%	14.0%	5.4%		
Fixed income – ex inflation-linked ¹	20.0%	2.5%	20.0%	2.2%		
Fixed income – inflation-linked	7.0%	1.3%	7.0%	0.8%		
Commodities	8.0%	2.0%	8.0%	2.3%		
Real estate	7.0%	6.7%	7.0%	6.5%		
Absolute return	10.0%	2.9%	10.0%	2.7%		
Risk parity	12.0%	5.3%	12.0%	5.2%		
Total	100.0%	_	100.0%			

¹ Includes cash & cash equivalents

Discount rate. The discount rate used to measure the total pension liability was 6.75% for PERF at June 30, 2019 and 2018. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



Sensitivity of the university's proportionate share of the PERF net pension liability. The following table presents the university's proportionate share of the PERF net pension liability using the discount rate of 6.75% for both years, as well as what the university's proportionate share of the net pension 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 rate:

(dollar amounts presented in thousands)

	PERF				
Sensitivity of Net Pension Liability		Decrease (5.75%)	 ent Discount e (6.75%)	1	% Increase (7.75%)
June 30, 2020		\$ 104,799	\$ 65,254	\$	32,271
June 30, 2019		107,949	68,576		35,743

Pension Plan Fiduciary Net Position. Detailed information about the pension plans' fiduciary net position is available in the separately issued INPRS financial report.

PAYABLE TO THE PENSION PLAN

The university reported a payable of \$1,721,000 at June 30, 2020, and \$1,115,000 at June 30, 2019, for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2020 and 2019, respectively.

Note 12—Postemployment Benefits PLAN DESCRIPTION

The university provides postemployment benefits for certain retired employees. The IU 18/20 Plan, medical, and life insurance benefits are presented for financial statement purposes as a consolidated plan (the "Plan") under the requirements for reporting Other Postemployment Benefit Plans (OPEB) required by GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

The Plan is a single-employer defined benefit plan administered by Indiana University. The 18/20 Plan provides interim benefits to full-time appointed academic and professional staff employees who meet the following eligibility requirements: covered by the IU Retirement Plan 15% level on or before July 14, 1988, and has 18 years of participation in the IU Retirement Plan 15% level, at least 20 years of continuous full-time university service, and at least 64 years of age. This group of employees is eligible to receive monthly payments based on a hypothetical monthly annuity amount at age 70, up to the amount of terminal base salary, calculated as the average budgeted base salary for the five 12-month periods immediately

preceding retirement. The 18/20 Plan was adopted by the Trustees of Indiana University ("trustees") and is closed to new entrants.

The university provides medical care coverage to individuals with retiree status and their eligible dependents. The cost of the coverage is borne fully by the individual. However, retiree medical care coverage is implicitly more expensive than active-employee coverage, which creates an implicit rate subsidy. The university provides retiree life insurance benefits in the amount of \$6,000 to terminated employees with retiree status. The health and life insurance plans have been established and may be amended under the authority of the trustees. The Plan does not issue a stand-alone financial report. Reflected in this note for fiscal year 2019 are benefits related to an early retirement incentive plan, approved by executive management in fiscal year 2014, which includes five years of annual contributions to a health reimbursement account.

FUNDING POLICY

The contribution requirements of plan members and the university are established and may be amended by the



trustees. The university contribution to the 18/20 Plan and retiree life insurance is based on pay-as-you-go financing requirements. Plan members do not make contributions. The medical plans are self-funded and each plan's premiums are updated annually based on actual claims. Retirees receiving medical benefits paid \$806,000 and \$814,000 in premiums in the fiscal years ended June 30, 2020 and June 30, 2019, respectively. The university contributed \$33,456,000 and \$32,264,000 to the consolidated OPEB Plan in fiscal year ended June 30, 2020 and June 30, 2019, respectively. The university does not maintain a separate legal trust to house assets used to fund postemployment benefits.

As of the June 30, 2020 actuarial valuation date, the number of plan participants consisted of the following:

Total	277	18.304	25.716
Inactive employees receiving benefits	188	157	6,185
Active employees	89	18,147	19,531
	18/20 Plan	Insurance	Insurance
		Retiree Health	Retiree Life

OPEB LIABILITY, OPEB EXPENSE, AND DEFERRED **OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

At June 30, 2020 and June 30, 2019, the university reported \$229,203,000 and \$254,629,000 for its total OPEB liability, respectively. The current portion of the OPEB liability was \$27,640,000 and \$33,456,000 at June 30, 2020 and June 30, 2019, respectively. At June 30, 2020 and June 30, 2019, the university reported \$25,343,000 and \$27,717,000 for its total OPEB expense, respectively. The total OPEB liability was measured as of June 30, 2020, and was based on an actuarial valuation date of June 30, 2020, with no adjustments. Liabilities as of July 1, 2019, were based on an actuarial valuation date of July 1, 2018 actuarially projected on a "no gain / no loss" basis to get to the June 30, 2019 measurement date.

Changes in the total reported liability for postemployment benefits obligations and total OPEB expense for the year ended June 30, 2020, are summarized as follows:

			R	etiree Health	Retiree Life	
	18	8/20 Plan		Insurance	Insurance	Total
Total OPEB liability, beginning of year	\$	106,866	\$	108,513	\$ 39,250	\$ 254,629
Service cost		2,442		8,746	1,118	12,306
Interest		3,344		4,052	1,391	8,787
Changes in assumptions		2,014		3,852	5,188	11,054
Differences between expected and actual		(2,431)		(22,099)	413	(24,117)
experience		, , ,		, ,		, , ,
Benefit payments		(28,297)		(3,690)	(1,469)	(33,456)
Total OPEB liability, end of year	\$	83,938	\$	99,374	\$ 45,891	\$ 229,203
Current portion of OPEB liability						\$ 27,640
OPEB expense	\$	4,925	\$	17,035	\$ 3,383	\$ 25,343



Student Building Old Crescent; Bloomington

Changes in the total reported liability for postemployment benefits obligations and total OPEB expense for the year ended June 30, 2019, are summarized as follows:

(dollar amounts presented in thousands)

	10	8/20 Plan	R	etiree Health Insurance	Retiree Life Insurance	Total
Total OPEB liability, beginning of year	\$	128,913	\$	103,463	\$ 36,167	\$ 268,543
Service cost		2,209		8,427	974	11,610
Interest		4,571		4,243	1,410	10,224
Changes in assumptions		653		3,257	2,134	6,044
Differences between expected and actual experience		(3,203)		(6,325)	_	(9,528)
Benefit payments		(26,277)		(4,552)	(1,435)	(32,264)
Total OPEB liability, end of year	\$	106,866	\$	108,513	\$ 39,250	\$ 254,629
Current portion of OPEB liability						\$ 33,456
OPEB expense	\$	5,970	\$	19,189	\$ 2,558	\$ 27,717

The discount rate changed from 3.51% as of July 1, 2019, to 2.66% as of June 30, 2020. The health care trend rates have been reset to an initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5%. The university has not had a recent experience study. The actuarial assumptions for non-18/20 Plans have not been updated since the 2006 valuation.



At June 30, 2020, the university reported deferred outflows and inflows of resources related to OPEB from the following sources:

(dollar amounts presented in thousands)

	Deferred Out of Resourc	Deferred Inflows of Resources		
Changes in Assumptions:				
18/20 Plan	\$	2,253	\$	527
Retiree health insurance		8,145		-
Retiree life insurance		6,139		606
Differences between expected and actual experience:				
18/20 Plan		-		6,946
Retiree health insurance		39,078		24,080
Total	\$ 5	6,022	\$	32,159

At June 30, 2019, the university reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions:		
18/20 Plan	\$ 572	\$ 615
Retiree health insurance	5,570	-
Retiree life insurance	1,867	707
Differences between expected and actual experience:		
18/20 Plan	-	5,622
Retiree health insurance	45,592	5,534
Retiree life insurance	54	-
Total	\$ 53,655	\$ 12,478

These amounts will be recognized in OPEB expense as follows:

	18/20 Plan	Retiree Health Insurance	Retiree Life Insurance	Total		
2021	\$ (861)	\$ 4,237	\$ 873	\$ 4,249		
2022	(861)	4,237	873	4,249		
2023	(861)	4,237	873	4,249		
2024	(861)	4,237	873	4,249		
2025	(861)	4,237	873	4,249		
Thereafter	(913)	1,957	1,574	2,618		





Memorial Hall Bloomington

Actuarial Assumptions. Significant actuarial methods and assumptions used to calculate the university's total OPEB liability were:

	Measurement Date as of June 30, 2020	Measurement Date as of June 30, 2019
Payroll growth (medical/life plan)	3.0%	3.0%
Payroll growth (18/20 plan)	2.5%	2.5%
Inflation	3.0%	3.0%
Health care cost trend rates	8.0% for fiscal year 2021 to 4.5% for fiscal year 2028 and later years	8.5% for fiscal year 2020 to 5.0% for fiscal year 2027 and later years
Mortality rates	Based on SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019	Based on RPH-2017 Total Data Set Mortality Table fully generational using Scale MP-2017
Actuarial cost method	Entry Age Normal Level % of Salary	Entry Age Normal Level % of Salary

Discount rate. The discount rate used in valuing OPEB liabilities as of June 30, 2020, was 2.66% and 3.51% as of July 1, 2019. The discount rate must be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The Bond Buyer Go 20 index was used for the current discount rate.

Sensitivity of total OPEB liability to the discount rate. The following table presents the June 30, 2020 total OPEB liability using the discount rate of 2.66% as well as what the total OPEB 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 rate:

(dollar amounts presented in thousands)

Sensitivity of Total OPEB Liability	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
18/20 plan	\$ 85,156	\$ 83,938	82,68
Retiree health insurance	107,948	99,373	91,43
Retiree life insurance	54,972	45,892	38,84
Total	\$ 248,076	\$ 229,203	3 \$ 212,96

Sensitivity of total OPEB liability to the discount rate. The following table presents the June 30, 2019 total OPEB liability using the discount rate of 3.51% as well as what the total OPEB 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 rate:

Total	\$ 273,018	\$	254,629	\$ 238,501
Retiree life insurance	46,253		39,250	33,740
Retiree health insurance	118,105		108,513	99,718
18/20 plan	\$ 108,660	\$	106,866	\$ 105,043
Sensitivity of Total OPEB Liability	1% Decrease (2.51%)	Curre	ent Discount Rate (3.51%)	1% Increase (4.51%)

Sensitivity of total OPEB liability to the health care trend rate. The following table presents the university's retiree health insurance OPEB liability for both years as well as what the retiree health insurance OPEB liability would be if it were calculated using a health care trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

(dollar amounts presented in thousands)

Sensitivity of Retiree Health Insurance OPEB Liability*	1%	6 Decrease	Current Trend	-	1% Increase		
June 30, 2020 (current 8.0% decreasing to 4.5%)	\$	87,859	\$ 99,373	3 \$	113,044		
June 30, 2019 (current 8.5% decreasing to 5%)		95,372	108,513	3	124,188		

^{*}The 18/20 and retiree life insurance plans are not included above as they do not have a health care component.

Note 13-Related Organization

The university is a major beneficiary of the Riley Children's Endowment of which a majority of the board of directors is appointed by, or serve by virtue of position with, Indiana University. Riley Children's Endowment's net assets were \$351,100,000 and \$369,647,000 at June 30, 2020 and 2019, respectively, and are not included in the financial statements of the university.

Note 14—Functional Expenses

The university's operating expenses by functional classification were as follows:

Fiscal year ended June 30, 2020

		Natural Classification										
Functional Classification		mpensation & Benefits	Scholarships & Fellowships		Supplies & Expenses	Depreciation	Total					
Instruction	\$	1,004,300	\$ 20,987	7 \$	239,642	\$ -	\$ 1,264,929					
Research		215,066	2,977	7	114,155	_	332,198					
Public service		80,456	1,449)	41,970	_	123,875					
Academic support		356,498	3,056	5	135,552	_	495,106					
Student services		98,945	952	2	31,620	_	131,517					
Institutional support		136,332	19)	64,013	_	200,364					
Physical plant		104,870	4.	l	97,583	_	202,494					
Scholarships & fellowships		18,313	145,81	l	4,858	_	168,982					
Auxiliary enterprises		229,885	5,304	ļ	152,172	_	387,361					
Depreciation		_	_	-	_	168,129	168,129					
Total operating expenses	\$	2,244,665	\$ 180,596	5 \$	881,565	\$ 168,129	\$ 3,474,955					

Fiscal year ended June 30, 2019

(dollar amounts presented in thousands)

	 	Natural Classification								
Functional Classification	mpensation Benefits	Scholarships & Fellowships	Supplies & Expenses		, ,		, ,		Depreciation	Total
Instruction	\$ 976,391	\$ 17,665	\$ 2	40,531	\$ -	\$ 1,234,587				
Research	193,511	2,188	10	03,228	_	298,927				
Public service	79,115	2,370		41,283	_	122,768				
Academic support	340,819	2,838	1	30,401	_	474,058				
Student services	93,631	1,920		31,446	_	126,997				
Institutional support	131,696	8		57,793	_	189,497				
Physical plant	97,360	45		83,729	_	181,134				
Scholarships & fellowships	17,954	118,071		4,364	_	140,389				
Auxiliary enterprises	218,241	4,606	1	48,575	_	371,422				
Depreciation	_	_		_	164,697	164,697				
Total operating expenses	\$ 2,148,718	\$ 149,711	\$ 84	41,350	\$ 164,697	\$ 3,304,476				

Note 15—Commitments and Loss Contingencies

The university had outstanding commitments for capital construction projects of \$212,053,000 and \$211,415,000 at June 30, 2020 and 2019, respectively.

Based upon the information available at the date of the financial report, it is possible that the university may be obligated to refund at least a portion of student tuition and fees under a legal action pending in Monroe Circuit Court, which is a putative class action suit, due to the transition to virtual instruction in Spring Semester 2020 as a result of the COVID-19 pandemic. Neither the event of an unfavorable outcome, nor an estimate of potential loss or a range of potential losses is known or can be predicted as of the financial reporting date. Plaintiff does not quantify and has not proposed any measure of damages.

The university is a party in a number of legal actions. While the final outcome cannot be determined at this time, management is of the opinion that the liability, if any, for these legal actions will not have a material adverse effect on the university's financial position.

Note 16—Indiana University Foundation Notes to Financial Statements

Indiana University Foundation

Notes to Financial Statements (In thousands)

Note 1. Organization and Operations and Significant Accounting Policies

The Indiana University Foundation, Inc. (the Foundation) is a not-for-profit corporation organized under the laws of the state of Indiana. The corporate purposes of the Foundation are to raise, receive, hold, invest and administer assets and to make expenditures to or for the benefit of Indiana University, including its regional campuses and associated entities (such as the Purdue University schools housed at the Indiana University-Purdue University Indianapolis campus, the Indiana University Building Corporation, Riley Children's Foundation, the Indiana University Research & Technology Corporation, Indiana University Health, the Indiana University Alumni Association, and certain medical practice plans), herein referred to as the University.

The mission of the Foundation is to maximize private support for Indiana University by fostering lifelong relationships with key stakeholders and providing advancement leadership and fundraising services for campuses and units across the University.

The Foundation was originally incorporated in 1936 and is empowered to perform a wide range of services and conduct a variety of activities that support the University as it carries out its missions of teaching, research, and public service. The Foundation conducts general and special purpose fundraising programs, receives and acknowledges gifts for the benefit of the University, administers those gifts to ensure that they are used as specified by the donor, invests those gifts, serves as trustee for certain types of planned gift arrangements, and provides other services for the benefit of the University as requested.

Summary of significant accounting policies:

Basis of accounting: The accompanying financial statements have been prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America.

Basis of presentation: The Foundation follows the accounting guidance on financial statements of not-for-profit organizations, which establishes standards for general-purpose external financial statements issued by not-for-profit organizations. It requires that net assets and related support and revenue, expenses, gains and losses be classified into two classes of net assets – without donor restrictions and with donor restrictions, based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows:

Net assets without donor restrictions: Net assets without donor restrictions are resources available to support the Foundation and the University as determined by the board. The only limits on the use of these net assets are the broad limits resulting for the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions: Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Foundation must continue to use the resources in accordance with the donor's instructions.

The Foundation's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds and its beneficial interest in a perpetual charitable trust held by an external trustee.



Note 16—Indiana University Foundation Notes to Financial Statements

Indiana University Foundation

Notes to Financial Statements (In thousands)

Note 1. Organization and Operations and Significant Accounting Policies (Continued)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor and/or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Foundation, unless the donor provides more specific directions about the period of its use.

Cash and cash equivalents: The Foundation considers investments in marketable securities and other highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents managed by outside investment managers are included in investments. For these short-term instruments, cost approximates the fair market value. The cash balance exceeds federally insured limits. However, the Foundation has not experienced any losses in such accounts and management does not believe that it is exposed to any significant credit risk.

Receivables: Receivables primarily consist of life insurance receivables and other miscellaneous receivables. Based on historical experience and an analysis of specific accounts, management has determined that no allowance for doubtful accounts is necessary for receivables.

Due from brokers: The amount shown as due from brokers represents a receivable from the broker for unsettled sales of securities as of June 30, 2020 and 2019.

Promises to give: Promises to give are recorded at present value, less an allowance for uncollectible amounts, to reserve against future bad debt losses. Management utilizes a rate consistent with the level of risk associated with a donor to discount promises to give. Management estimates the uncollectable reserve annually based on past due pledge installments and evaluates the estimate against actual results to determine reliability of the estimate.

Investments and other assets: Investments are carried at fair value. Purchases and sales of securities are recorded on trade dates, and realized gains and losses are determined on the basis of the average cost of securities sold.

In connection with its investing and hedging activities, the Foundation enters into transactions, directly and indirectly through positions held by the underlying investment entities, with a variety of securities and derivative financial instruments. These derivative financial instruments may have market and/or credit risk in excess of the amounts recorded in the statements of financial position.

The Foundation's direct and indirect investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Other assets consist of investments whose fair values are not readily determinable. These assets are recorded at historical cost and are evaluated annually for impairment. There is \$23,075 and \$16,553 of other assets reflected in Investments and Other assets in the statements of financial position as of June 30, 2020 and 2019, respectively. The underlying investment entity's redemption frequency is considered to be a long-term commitment and there is no redemption notice period. Unfunded commitments for these assets were \$14,814 and \$22,136 at June 30, 2020 and 2019, respectively.



Indiana University Foundation

Notes to Financial Statements (In thousands)

Note 1. Organization and Operations and Significant Accounting Policies (Continued)

Market risk: Market risk arises primarily from changes in the market value of financial instruments. Exposure to market risk is influenced by a number of factors, including the relationships between financial instruments and the volatility and liquidity in the markets in which the financial instruments are traded. In many cases, the use of financial instruments serves to modify or offset market risk associated with other transactions and, accordingly, serves to decrease the Foundation's overall exposure to market risk. The Foundation attempts to control its exposure to market risk through various analytical monitoring techniques.

Credit risk: Credit risk arises primarily from the potential inability of counterparties to perform in accordance with the terms of a contract. The Foundation's exposure to credit risk associated with counterparty nonperformance is limited to the current cost to replace all contracts in which the Foundation has a gain. Exchange-traded financial instruments generally do not give rise to significant counterparty exposure due to the cash settlement procedures for daily market movements and the margin requirements of individual exchanges. The Foundation seeks to mitigate its exposure to this credit risk by placing its cash with major institutions.

Concentration of credit risk: The Foundation's managers currently invest with various managers and clearing brokers. In the event these counterparties do not fulfill their obligations, the Foundation may be exposed to risk. This risk of default depends on the creditworthiness of the counterparty to these transactions. The Foundation attempts to minimize this credit risk by monitoring the creditworthiness of the managers and clearing brokers.

Alternative investments: The managers of underlying investment entities in which the Foundation invests may utilize derivative instruments with off-balance-sheet risk. The Foundation's exposure to risk is limited to the amount of its investment.

Property, plant and equipment: Property, plant and equipment are recorded at cost at the date of acquisition. Depreciation is computed using the straight-line method over the assets' estimated useful lives. Purchased real estate held to benefit the University is recorded as property, plant and equipment and is depreciated over its estimated useful life, generally 20 years.

Management reviews long-lived assets for possible impairment if there is a significant event that detrimentally affects operations. The primary financial indicator used by the Foundation to assess the recoverability of its long-lived assets held and used is undiscounted future cash flows from operations. The amount of impairment, if any, is measured based on estimated fair value or projected future cash flows using a discount rate reflecting the Foundation's average cost of funds. Management has not identified any triggering events during the years ended June 30, 2020 and 2019.

Due to brokers: The amount shown as due to brokers represents a payable to the broker for unsettled purchases of securities as of June 30, 2020 and 2019.

Split interest agreement obligations: The Foundation has entered into split interest agreements, including charitable remainder trusts and gift annuities which provide that the Foundation, as trustee, make payments to designated beneficiaries in accordance with the applicable donor's trust or contractual agreement. The Foundation records a split interest agreement obligation to life beneficiaries based on the present value of the estimated payments to designated life beneficiaries.

Assets held for the University and University affiliates: The Foundation invests and administers net assets owned by the University and its affiliates under a management and custodial agreement. These are reflected as liabilities on the statements of financial position.



Note 16—Indiana University Foundation Notes to Financial Statements

Indiana University Foundation

Notes to Financial Statements (In thousands)

Note 1. Organization and Operations and Significant Accounting Policies (Continued)

Reclassification of donor intent: At times, the Foundation receives requests by donors or their designees to change the use for which their original gift was intended. These requests are reviewed by the Foundation for approval. Approved changes, depending on the donors' requests, may result in the reclassification of net assets between the without donor restrictions and with donor restrictions net asset classes. Reclassifications of donor intent of (\$2,462) and \$8,636 are reflected in the statements of activities as net assets released from restrictions for the years ended June 30, 2020 and 2019, respectively.

Revenue recognition: The Foundation adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue which it expects to be entitled for the transfer of promised goods or services to customers. The Foundation adopted the new guidance utilizing the modified retrospective transition method effective date of July 1, 2019. The adoption of this guidance did not impact the timing of the Foundation's recognition of revenue.

Revenues within the scope of Topic 606 consist primarily of management and administrative fees, development service fees from the University, grant income, and certain other income resulting primarily from reimbursements from the University for the cost of direct support of certain fundraising activities and receipts from various program operations.

The Foundation has no significant costs that are capitalized to obtain or to fulfill a contract with a customer. Performance obligations for the revenue streams noted above are satisfied at a point in time, and revenue is recognized as performance obligations are met. These revenue streams do not include significant financing components and there are no significant consideration amounts that are variable.

Contributions: Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until the conditions upon which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Grants: Private research grants are received from donors to support the University's research programs. Research grants are distributed in accordance with the grant by the account manager. Grants recorded as contributions are irrevocable, voluntary nonreciprocal transfers of assets held, administered and maintained for investment purposes at the Foundation.

Management/administrative fees: A fee is charged to accounts within each net asset class for which the Foundation manages investments and other assets. This management fee is charged based on the market value and type of investments and other assets managed. These fees are used for the administration of the Foundation's management and fundraising operations.

Other income: Other income reported in the statement of activities is comprised primarily of the following: reimbursements from the University for the cost of direct support of certain fundraising activities; receipts from various program operations, including real estate, air services, the Student Foundation, women's programs and other miscellaneous programs; and the change in the cash surrender value of life insurance policies. The income with donor restrictions is comprised primarily of amounts received from the University with donor related restrictions for activities and events and the change in the cash surrender value of life insurance policies.

Allocation between program and support functions: The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, overhead and fundraising costs, which are allocated based on regularly recurring surveys of managers' time and effort.



Indiana University Foundation

Notes to Financial Statements (In thousands)

Note 1. Organization and Operations and Significant Accounting Policies (Continued)

Income taxes: The Foundation is a not-for-profit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), except for income taxes on unrelated business income that are not significant. Contributions to the Foundation are deductible under Section 170(b)(1)(A)(iv) of the Code.

Accounting Standards Codification (ASC) 740-10, *Accounting for Uncertainty in Income Taxes*, prescribes a comprehensive model for how an organization should measure, recognize, present and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Foundation believes it is no longer subject to income tax examinations for years prior to 2017. As of June 30, 2020 and 2019, the Foundation has no uncertain tax positions.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Recently issued accounting standards: In 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. This ASU affects any entity that is required, under existing GAAP, to make disclosures about recurring or nonrecurring fair value measurements. The new standard is effective for fiscal years beginning after December 15, 2019, making it effective for the Foundation's June 30, 2021, financial statements. The Foundation is currently evaluating the impact of the adoption of this standard on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the Foundation's June 30, 2023, financial statements. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Foundation is currently evaluating the impact of the adoption of the standard on its financial statements.

Recently issued accounting standards, adopted: Effective July 1, 2019, the Foundation adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which required the Foundation to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The Foundation adopted the new guidance on July 1, 2019 and applied the standard to all of its open contracts at date of adoption using the modified retrospective transition method. Under this method, the Foundation is to recognize the cumulative effect of changes in net assets on the date of adoption. The Foundation has determined the adoption of ASU 2014-09 did not have a material impact on its financial statements on the date of adoption. Accordingly, no cumulative effect adjustment to net assets was required.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The Foundation adopted ASU 2016-01 in the accompanying financial statements and has applied its provisions on a modified prospective basis. The adoption of this ASU did not have a material impact on the Foundation's financial statements.



Note 16—Indiana University Foundation Notes to Financial Statements

Indiana University Foundation

Notes to Financial Statements (In thousands)

Note 1. Organization and Operations and Significant Accounting Policies (Continued)

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* ASU 2018-08 clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or exchange transaction. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The Foundation adopted ASU 2018-08 in the accompanying financial statements and has applied its provisions on a modified prospective basis. The adoption of this ASU did not have a material impact on the Foundation's financial statements.

Subsequent events: The Foundation has evaluated subsequent events for potential recognition and/or disclosure through September 30, 2020, the date the financial statements were available to be issued.

On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the work to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries. The extent to which the coronavirus impacts the Foundation's financial condition, results of operations, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted, included new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

Note 2. Liquidity and Availability

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund the purpose for which the donor established the endowment. In addition, the Foundation receives support without donor restrictions.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated endowments, contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include management and general expenses, fundraising expenses, and grants and aid to the University expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year. In addition, the Foundation invests cash in excess of daily requirements in short-term investments.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- · Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that expenditures to or for the benefit of the University and to support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.



Indiana University Foundation

Notes to Financial Statements (In thousands)

Note 2. Liquidity and Availability (Continued)

The table below presents financial assets available for general expenditures within one year at June 30, 2020 and 2019:

	2020		2019
Total assets at year-end	\$ 3,105,177	\$	3,215,936
Less non-financial assets:			
Property, plant and equipment, net	(57,451)		(58,327)
	3,047,726		3,157,609
Less amounts not available to be used within one year:			
Investments encumbered by donor restriction	(1,595,434)		(1,641,005)
Assets designated by the Board	(66,894)		(57,512)
Annual spending policy distribution for encumbered investments	67,840		69,663
Agency assets	(258,641)		(283,123)
Collateral under security lending agreements	(50,203)		(98,251)
Promises to give for donor restricted gifts or due after one year, net	(284,723)		(246,899)
Receivables and other assets due after one year	(13,153)		(13,490)
Other restricted cash and investments	(14,528)		(9,217)
Financial assets not available to be used within one year	(2,215,736)		(2,279,834)
Financial assets available to meet general expenditures within one year	\$ 831,990	\$	877,775

Note 3. Promises to Give

A summary of promises to give as of June 30, 2020 and 2019, follows:

	2020			2019
Promises to give Allowance Discount		353,549 (23,676) (45,146)	\$	323,308 (24,195) (47,406)
	\$	284,727	\$	251,707
Promises to give are due in the following periods:		2020		2019
Promises to give, due in:				
One year or less	\$	15,322	\$	17,799
Between one year and five years		145,870		126,121
More than five years		123,535		107,787
	\$	284,727	\$	251,707

Discount rates used to present value promises to give range between 0.6% and 6.0%.



Note 16—Indiana University Foundation Notes to Financial Statements

Indiana University Foundation

Notes to Financial Statements (In thousands)

Level 3

Note 4. Fair Value Measurement and Investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation utilizes valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. Assets and liabilities recorded at fair value are categorized within the fair value hierarchy based upon the level of judgment associated with the inputs used to measure their value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below.

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Inputs are unobservable for the asset or liability and include situations where there is

little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require

significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined by the lowest level input that is significant to the fair value measurement.

The availability of observable inputs can vary from investment to investment and is affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values might be materially higher or lower than the values that would have been used had a readily available market for the securities existed. Accordingly, the degree of judgment exercised by the Foundation in determining fair value is greatest for securities categorized in Level 3.

The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investing in those instruments.

The Foundation assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Foundation's accounting policies regarding the recognition of transfers between levels of the fair value hierarchy. During the fiscal years ended June 30, 2020 and 2019, no such transfers were made.

Investments in money market funds, mutual funds, exchange-traded funds, and securities traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.



Indiana University Foundation

Notes to Financial Statements (In thousands)

Note 4. Fair Value Measurement and Investments (Continued)

Preferred stock and other equities traded on inactive markets or valued by reference to similar instruments are categorized as Level 2 in the fair value hierarchy. Investments in government securities, bonds, corporate notes and debt securities which are traded on a national securities exchange or market are valued at the mean between the current "bid" and "asked" quotations on that day. If a reliable bid and asked quotation cannot be obtained from a national securities exchange, the security is priced at the mean between the bid and asked quotation of a reliable market maker. These financial instruments are classified as Level 2 in the fair value hierarchy.

Investments in real estate are valued by the Foundation using independent appraisals and statements provided by the management companies of the properties. These financial instruments are classified as Level 3 in the fair value hierarchy.

Net asset value (NAV): Investments in non-registered investment companies consisting of certain hedged equity funds, absolute return funds, venture capital funds, buyout funds, distressed, special situation funds, real estate funds, alternative fixed income funds and natural resource funds are valued at fair value based on the applicable percentage ownership of the underlying investment entities' net assets as of the measurement date as determined by the Foundation, commonly referred to as the practical expedient. In determining fair value, the Foundation utilizes valuations provided by the underlying investment entities. The underlying investment entities value securities and other financial instruments on a fair value based upon market price, when possible, or at fair value determined by the respective entities' investment manager when no market price is determinable. Although the Foundation uses their best judgment in estimating the fair value of alternative investments, there are inherent limitations in any estimation technique. The estimated fair values of certain of the investments of the underlying investment entities, which may include derivatives, securities and other designated or side pocketed investments for which prices are not readily available, may not reflect amounts that could be realized upon immediate sale, nor amounts that may be ultimately realized.

Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments, and differences could be material.

The practical expedient allows for investments in non-registered investment companies, to be valued at the NAV which represents fair value.

Charitable trusts and gift annuities: Assets received from charitable trusts and gift annuities are recorded at fair value based on donor restriction until the Foundation's obligations to the annuitants have been met. The difference between the fair value of assets contributed and the split interest obligations recorded is recognized as contribution revenue. The Foundation records a split interest agreement obligation to life beneficiaries based on the present value of the estimated payments to designated life beneficiaries.

Liabilities for charitable gift annuities are recorded in an amount equal to the present value of the estimated future obligations based on mortality rates derived from ordinary life annuity tables. In computing the liability, management considers the estimated return on the invested assets and the contractual payment obligation during the expected term of each respective annuity agreement. Fair value estimates are classified as Level 3.



Note 16—Indiana University Foundation Notes to Financial Statements

Indiana University Foundation

Notes to Financial Statements (In thousands)

Note 4. Fair Value Measurement and Investments (Continued)

The following table presents the Foundation's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2020:

	fo	oted Prices or Identical Assets in Active Markets Level 1	Ol	ignificant Other oservable Inputs Level 2	Und	ignificant observable Inputs Level 3	١	llued Using Net Asset Value **		Total
Assets:										
Investments:										
Domestic equities	\$	496,927	\$	-	\$	-	\$	87,443	\$	584,370
International equities		268,305		-		-		163,549		431,854
Domestic fixed income		128,261		73,066		-		63,163		264,490
International fixed income		26,671		893		-		3,993		31,557
Real estate		9,645		-		23,101		-		32,746
Cash equivalents		22,787		1,152		-		-		23,939
Alternative investments:		-		-		-		-		-
Hedged equity funds		-		-		-		42,474		42,474
Absolute return funds		-		-		-		294,058		294,058
Venture capital		-		-		-		246,466		246,466
Buyouts		-		-		-		198,948		198,948
Distressed / special situations		-		-		-		68,618		68,618
Real estate		-		-		-		171,843		171,843
Alternative fixed income		-		-		-		76,924		76,924
Natural resources		-		-		-		107,248		107,248
	\$	952,596	\$	75,111	\$	23,101	\$ ^	1,524,727	. 2	2,575,535
Other assets (see note 1)										23,075
Total investments and other assets									\$ 2	2,598,610
Liabilities: Split interest										
agreement obligations	\$	-	\$	-	\$	41,578	\$	-	\$	41,578
Derivatives*	\$	522	\$	10,565	\$	_	\$	_	\$	11,087



Indiana University Foundation

Notes to Financial Statements (In thousands)

Note 4. Fair Value Measurement and Investments (Continued)

The following table presents the Foundation's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2019:

Ounted Drices

		oted Prices								
		or Identical	Si	ignificant						
		Assets in		Other		ignificant				
		Active		oservable	Und	observable		llued Using		
		Markets		Inputs		Inputs		Vet Asset		
		Level 1		Level 2		Level 3		Value **		Total
Assets:										
Investments:										
Domestic equities	\$	549,839	\$	409	\$	-	\$	81,190	\$	631,438
International equities		302,823		-		-		162,278		465,101
Domestic fixed income		126,486		78,548		-		73,581		278,615
International fixed income		22,718		539		-		6,321		29,578
Real estate		9,866		-		25,045		-		34,911
Cash equivalents		28,896		1,610		-		-		30,506
Alternative investments:										
Hedged equity funds		-		-		-		58,074		58,074
Absolute return funds		-		-		-		345,840		345,840
Venture capital		-		-		-		216,754		216,754
Buyouts		-		-		-		168,024		168,024
Distressed / special situations		-		-		-		55,726		55,726
Real estate		_		_		-		144,137		144,137
Alternative fixed income		_		_		-		46,942		46,942
Natural resources		_		_		-		155,325		155,325
	\$ ^	1,040,628	\$	81,106	\$	25,045	\$ ^	1,514,192	2	2,660,971
Other assets (see note 1)										16,553
Total investments and other assets									\$ 2	2,677,524
										.,,
Liabilities: Split interest										
agreement obligations	\$	-	\$	-	\$	42,633	\$	-	\$	42,633
Derivatives*	\$	456	\$	19,130	\$	-	\$	-	\$	19,586

^{*} Derivatives are presented as due to brokers and due from brokers on the statement of financial position.

As of June 30, 2020 and 2019, the Foundation had \$708,260 and \$693,856 respectively, of unfunded capital commitments to various alternative investments, which have no specific capital call dates and such capital calls are at the discretion of the alternative investment fund managers. Management believes most of the commitments will be called in the next one to five years.



^{**} Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Note 16—Indiana University Foundation Notes to Financial Statements

Indiana University Foundation

Notes to Financial Statements (In thousands)

Note 4. Fair Value Measurement and Investments (Continued)

Financial instruments classified as Level 3 in the fair value hierarchy represent the Foundation's investments in financial instruments in which at least one significant unobservable input is used in the valuation model. The tables below present a reconciliation of activity for the Level 3 financial instruments as of June 30, 2020 and 2019:

	 2020		
Beginning balance (real estate)	\$ 25,045	\$	24,109
Realized and unrealized gains (losses)	(116)		(377)
Purchases	3,909		6,273
Sales and settlements	 (5,737)		(4,960)
	\$ 23,101	\$	25,045

The following presents a reconciliation for the changes in the Foundation's liability for charitable remainder and annuity trusts, which is deemed a Level 3 liability:

	 2020	2019	
Beginning balance	\$ 42,633	\$	38,754
Liability portion of charitable gifts received	2,989		4,965
Payments to annuitants	(4,407)		(4,261)
Change in the present value of split interest obligations	363		3,175
	\$ 41,578	\$	42,633

The table below presents the Foundation's ability to redeem investments valued at net asset value or its equivalent as of June 30, 2020 and 2019, and includes the underlying investment entities' redemption frequency and redemption notice period. The table also includes a summary of the significant categories of such investments measured at net asset value, their attributes and investment strategies as of June 30, 2020 and 2019:

Investment Category and Strategy	2020 Fair Value	2020 Jnfunded mmitments	2019 Fair Value	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Domestic equities ^(a)	\$ 87,443	\$ -	\$ 81,190	quarterly, annually	30-60 days
International equities ^(b)	163,549	-	162,278	monthly	30 days
Domestic fixed income ^(c)	63,163	-	73,581	monthly, bimonthly, quarterly	30-45 days
International fixed income ^(d)	3,993	-	6,321	monthly, bimonthly, quarterly	30-45 days
Hedge equity funds ^(e)	42,474	-	58,074	monthly, quarterly, **** semi-annually, annually	30-90 days
Absolute return funds ^(f)	294,058	-	345,840	monthly, quarterly, **** semi-annually, annually	30-90 days
Venture capital funds ^(g)	246,466	105,046	216,754	Long-term commitment ***	none
Buyout funds ^(h)	198,948	265,805	168,024	Long-term commitment ***	none
Distressed/special situation funds ⁽ⁱ⁾	68,618	95,805	55,726	Long-term commitment ***	none
Real estate funds ^(j)	171,843	127,420	144,137	Long-term commitment ***	none
Alternative fixed income ^(k)	76,924	29,219	46,942	Long-term commitment ***	none
Natural resources funds ^(I)	 107,248	84,965	155,325	Long-term commitment ***	none
	\$ 1.524.727	\$ 708.260	\$ 1.514.192	_	



Indiana University Foundation

Notes to Financial Statements (In thousands)

Note 4. Fair Value Measurement and Investments (Continued)

*** The nature of this investment class is that distributions are received through liquidations of the underlying assets of the underlying investment fund and expected to occur over the remaining life (ranging from one to ten years). These underlying funds generally hold investments that are illiquid in the short term but are expected to be liquid over the long run. Distributions from these underlying funds are at the discretion of the underlying fund manager.

**** As of June 30, 2020, 40% of the total Marketable Alternative Investments (Hedged equity funds and Absolute return funds) could be redeemed in 0-6 months, an additional 32% could be redeemed between 7-12 months and 21% could be redeemed between 13-24 months. The remaining 7% is designated as illiquid investments.

- (a) This category includes investments held in mutual funds, exchange-traded funds, public equities, partnerships, and limited liability companies located in the United States.
- (b) This category includes investments held in mutual funds, exchange-traded funds, partnerships, and limited liability companies located in economies outside of the United States.
- This category includes investments that are primarily in both long-term and short-term fixed income securities located in the United States. Management of the investments has the ability to make individual short positions; however, the overall fund position is net long. There were no restricted investments as of June 30, 2020.
- This category includes investments that are primarily in both long-term and short-term fixed income securities located in economies outside of the United States. Management of the investments has the ability to make individual short positions; however, the overall fund position is net long. There were no restricted investments as of June 30, 2020.
- (e) This category includes investments in hedge funds that invest globally in both long and short common stocks across all market capitalizations. Management of the hedge funds may opportunistically shift investments across sectors, geographies, and net market exposures.
- This category includes investments in hedge funds that invest opportunistically across various strategies, including long/short equity, fixed income, distressed credit, merger arbitrage, convertible arbitrage, etc.
- This category includes investments that are primarily in early-stage companies in the technology and life science sectors. The nature of investments in this category is that money is distributed as underlying companies are exited via acquisition or Initial Public Offering (IPO). The typical life of a partnership is 10 years but is subject to extensions.

 (h) This category includes private against the state of the stat
- This category includes private equity funds that invest across sectors primarily in the United States, but also internationally. The nature of investments in this category is that money is distributed as underlying companies are recapitalized or exited via acquisition or IPO. The typical life of a partnership is 10 years but is subject to extensions.
- This category includes investments that are focused on distressed or secondary investments. The typical life of a partnership is 10 years but is subject to extensions.
- This category includes investments that are primarily in U.S. commercial real estate, but also includes real estate funds focused on Europe and Asia. The real estate exposure can include both publicly traded Real Estate Investment Trust funds and private partnerships. The typical life of a partnership is 10 years but is subject to extensions.
- This category includes investments that are focused primarily on direct lending across the corporate and real estate sectors. The investments are structured to provide a steady stream of income to the Foundation based on floating interest rate loans. The typical life of a partnership is five years but is subject to extensions.
- This category includes investments that are focused on private energy, mining and minerals, and timber. The typical life of a partnership is 10 years but is subject to extensions. Certain funds in this category may provide an income stream as the underlying commodity is harvested/sold.



Note 16—Indiana University Foundation Notes to Financial Statements

Indiana University Foundation

Notes to Financial Statements (In thousands)

Note 4. Fair Value Measurement and Investments (Continued)

In instances in which an underlying investment fund has invested in securities that have less liquidity, such investments may be held in a "side pocket." Generally side pockets are illiquid with no active market. The fair value of the Foundation's investment in underlying funds which are designated as side pocketed was \$15,945 and \$21,407 as of June 30, 2020 and 2019, respectively.

The following table summarizes the qualitative information about certain of the Foundation's Level 3 inputs as of June 30, 2020 and 2019:

	Fa	air Value	Valuation Techniques	Unobservable Inputs	Ranges
Real estate investments, 2020	\$	23,101	Market approach	Comparable transactions	N/A
Real estate investments, 2019	\$	25,045	Market approach	Comparable transactions	N/A

Note 5. Derivatives

The Foundation authorizes certain investment managers to use a variety of financial instruments with offbalance sheet risk involving contractual or optional commitments for future settlement, which are exchange traded or executed over the counter (OTC). These instruments are used to (1) manage exposure to certain markets and asset classes (2) manage exposure to interest rate fluctuations (3) simulate long or short positions that are unavailable in the market or to reduce credit risk where exposure exists. The Foundation records derivative securities at fair value. These instruments are classified as due to/ from brokers on the statement of financial position and may include foreign exchange contracts, swaps, options, futures and forward contracts. The Foundation values derivatives that are traded on an exchange at their last reported sales price. The Foundation values derivative contracts that are centrally cleared or traded on the OTC market using: market price quotations, counterparty quotations, broker or dealer quotations, or pricing models that take into account the terms of the contract (including the notional amount and contract maturity) and inputs such as interest rates, yield curves, prepayment rates, credit spreads, recovery rates, currency exchange rates, volatility, correlation of inputs and changes in the fair value of the referenced asset. Derivative instruments, such as futures contracts, are classified as Level 1 in the fair value hierarchy presented in Note 4. Derivative instruments, such as interest rate swaps, option contracts, forward contracts, credit default swaps and foreign exchange contracts are classified as Level 2 in the fair value hierarchy presented in Note 4. The Foundation records derivative securities on the trade date. Gains and losses from derivative contracts are included in investment income in the statement of activities. The Foundation generally records a realized gain or loss on the expiration, termination or settlement of a derivative contract in the statement of activities.

To obtain mortgage market exposure in the portfolio the Foundation has entered into various commitments to purchase pass-through securities to buy a pool of mortgages at a future settlement date. The majority of mortgage-backed securities (MBS) are issued by US government agencies, which include the Government National Mortgage Association (GNMA), the Federal Home Loan Mortgage Corporation (FHLMC), and the Federal National Mortgage Association (FNMA). These organizations aggregate single-family mortgages and issue pass-through certificates on a very frequent basis. New issues generally settle one month forward and are labeled as "to be announced" (TBA) securities. The difference between the forward settlement price and the current price is considered the imbedded financing rate of holding a TBA, and it reflects an investor's ability to defer payment for the security and invest the cash until settlement. Parties of the TBA trade agree upon the general parameters of the securities to be delivered (i.e. issuer, coupon, mortgage type, term, and settlement month); the exact securities that comprise the pool are announced 48 hours prior to the established TBA trade settlement date.



Indiana University Foundation

Notes to Financial Statements (In thousands)

Note 5. Derivatives (Continued)

The following table identifies the fair value amounts of derivative contracts included in the statement of financial position, categorized by type of contract and underlying primary risk exposure as of June 30, 2020 and 2019. Balances are presented on a gross basis, before application of the effect of counterparty and collateral netting. These financial instruments are executed with creditworthy banks and brokerage firms, are subject to enforceable master netting arrangements or similar agreement and are presented at fair value on a net basis in the statement of financial position.

	Derivative Assets Derivative					e Liabilities				
	2020			2019		2020	2019			
Type of Contract	F	air Value	F	air Value	Fa	Fair Value		Fair Value Fair \		air Value
Interest rate risk										
Interest rate swaps	\$	556	\$	7	\$	(2,380)	\$	(1,321)		
Option contracts		23		12		(17)		(9)		
Forward contracts		17,440		20,423		(5,049)		-		
Credit risk										
Credit default swaps		7		18		(10)		-		
Foreign exchange risk										
Foreign exchange contracts		1,326		2,323		(1,331)		(2,333)		
Equity price risk										
Futures contracts		544		578		(22)		(112)		
		·								
Total Derivatives	\$	19,896	\$	23,361	\$	(8,809)	\$	(3,775)		

The Foundation considers the notional amounts at June 30, 2020 and 2019, categorized by primary underlying risk, to be representative of the volume of its derivative activities during the year ended June 30, 2020 and 2019.

	2020					2019			
Primary underlying risk	Fair Value		Fair Value Notion		F	Fair Value		Notional Value	
Interest rate risk									
Interest rate swaps	\$	(1,824)	\$	149	\$	(1,314)	\$	285	
Option contracts		6		(13)		3		(11)	
Forward contracts		12,391		12,355		20,423		20,393	
Credit risk									
Credit default swaps		(3)		(7)		18		(17)	
Foreign exchange risk									
Foreign exchange contracts		(5)		-		(10)		-	
Equity price risk		. ,				, ,			
Futures contracts		522		15,426		466		25,569	
				•					
Total Derivatives	\$	11,087	\$	27,910	\$	19,586	\$	46,219	



Note 16—Indiana University Foundation Notes to Financial Statements

Indiana University Foundation

Notes to Financial Statements (In thousands)

Note 6. Securities Lending

The Foundation has a securities lending agreement and guaranty agreement with The Bank of New York Mellon Corporation (BNY). BNY may lend, up to \$110,000 of the stocks and bonds for which it holds as custodian, to borrowers under terms of participation in a securities lending program and acts as agent and administrator for the program. The securities lending agreement requires that loans are collateralized at all times in an amount equal to at least 102% of the market value of any loaned securities at the time of the loan, plus accrued interest.

The Foundation receives compensation in the form of fees and earns interest on the cash collateral. The amount of fees depends on a number of factors including the type of security and length of the loan. The Foundation continues to receive interest payments or dividends on the securities loaned during the borrowing period. The Foundation has the right under the terms of the securities lending agreement to recall the securities from the borrower on demand.

As of June 30, 2020 and 2019, the Foundation had loaned securities that were collateralized by cash equivalents and short duration fixed income instruments. The cash collateral is invested by BNY in accordance with approved investment guidelines. Those guidelines require the cash collateral to be invested in readily marketable, high-quality, short-term obligations; however, such investments are subject to risk of payment delays or default on the part of the issuer or counterparty or otherwise may not generate sufficient interest to support the costs associated with securities lending. The Foundation could also experience delays in recovering its securities and possible loss of income or value if the borrower fails to return the borrowed securities, although the Foundation is indemnified from this risk by contract with the securities lending agent. As of June 30, 2020 and 2019, the market value of the securities on loan and payable on collateral due to broker totaled \$50,203 and \$98,251, respectively.

The Foundation receives cash as collateral in return for securities lent as part of the securities lending program. The collateral is invested in the Collateral Portfolio (a securities lending trust subject to Rule 2a-7 under the 1940 Act). The schedules of investments for the Foundation include the particular cash collateral holdings as of June 30, 2020 and 2019. The interest income earned by the Foundation on investments of cash collateral received from borrowers for the securities loaned to them (securities lending income) is reflected in the Foundation's statements of activities. Interest income earned on collateral investments and recognized by the Foundation during the years ended June 30, 2020 and 2019, was \$161 and \$178, respectively.

The table below outlines the gross obligations for secured borrowings by the type of collateral pledged at June 30:

	 2020	2019		
Cash collateral:				
U.S. equities	\$ 26,264	\$	70,467	
Non-U.S. equities	1,326		838	
Non-cash collateral:				
U.S. equities	21,795		26,156	
Non-U.S. equities	 818		790	
	\$ 50,203	\$	98,251	



Indiana University Foundation

Notes to Financial Statements (In thousands)

Note 7. **Split Interest Agreements**

A summary of assets held and the obligations related to split interest agreements as of June 30, 2020 and 2019 follows:

	2020			2019
Assets (included in investments):				
Charitable remainder trusts and other	\$	32,670	\$	33,880
Charitable gift annuities		39,141		41,314
	\$	71,811	\$	75,194
Liabilities - split interest agreement obligations	\$	41,578	\$	42,633

Charitable gift annuity assets are separate and distinct funds, managed as independent accounts of the Foundation. The Foundation maintains reserves and a surplus of such reserves in an amount at least equal to the designated beneficiary payments on all the outstanding gift annuity contracts. These reserves shall not be applied for the payment of debts and obligations of the Foundation or for any purpose other than payment of the annuity benefits.

Note 8. Property, Plant and Equipment

A summary of property, plant and equipment as of June 30, 2020 and 2019 follows:

	2020			2019
Land and buildings Information and technology equipment Other	\$	86,169 2,473 2,887	\$	84,854 2,558 2,828
Less accumulated depreciation		91,529 (34,078)		90,240 (31,913)
•	\$	57,451	\$	58,327



Note 16—Indiana University Foundation Notes to Financial Statements

Indiana University Foundation

Notes to Financial Statements (In thousands)

Note 9. Endowments

The Foundation's endowment consists of both donor-restricted endowment funds and funds designated by the board to function as endowments and consists of 6,867 and 6,645 individual funds as of June 30, 2020 and 2019, respectively. Net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board has interpreted the State of Indiana's *Uniform Prudent Management of Institutional Funds Act* (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds and providing for intergenerational equity. This value includes the original gift value of the assets held in perpetuity, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, absent explicit donor stipulations to the contrary. The remaining portion of the donor-restricted endowment funds is classified as net assets with donor restrictions until donor stipulations are fulfilled and those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

- The duration and preservation of the fund
- The purpose of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

The following tables present the Foundation's endowment composition, changes and net asset classifications as of and for the years ended June 30, 2020 and 2019:

	2020						
	With	nout Donor	١	With Donor			
	Re	estrictions	F	Restrictions		Total	
						_	
Donor-restricted endowment funds	\$	-	\$	2,146,494	\$	2,146,494	
Board-designated endowment		38,794		-		38,794	
	\$	38,794	\$	2,146,494	\$	2,185,288	
				2019			
	With	nout Donor	With Donor				
	Re	strictions	F	Restrictions		Total	
Donor-restricted endowment funds	\$	-	\$	2,195,787	\$	2,195,787	
Board-designated endowment		36,729		-		36,729	
	\$	36,729	\$	2,195,787	\$	2,232,516	



Indiana University Foundation

Notes to Financial Statements (In thousands)

Note 9. Endowments (Continued)

	2020						
	With	nout Donor	٧	Vith Donor			
	Re	strictions	Restrictions			Total	
Beginning of the year Investment loss Contributions and other revenue Appropriation of endowment assets	\$	36,729 (296) 1,110	\$	2,195,787 (69,159) 114,432	\$	2,232,516 (69,455) 115,542	
for expenditure		(2,922)		(94,566)		(97,488)	
Transfers to board-designated							
endowment funds	,	4,173		-		4,173	
	\$	38,794	\$	2,146,494	\$	2,185,288	
				2019			
	With	nout Donor	٧	Vith Donor	r		
	Re	estrictions	R	estrictions		Total	
Beginning of the year Investment income Contributions and other revenue Appropriation of endowment assets	\$	35,340 2,269 851	\$	2,116,176 88,907 95,446	\$	2,151,516 91,176 96,297	
for expenditure		(1,731)	Φ.	(104,742)		(106,473)	
	\$	36,729	\$	2,195,787	\$	2,232,516	

Net assets include nonexpendable and expendable assets related to donor gifts and assets held in perpetuity or held in trust with explicit time and/or purpose restrictions. These can be held either for the benefit of the Foundation or for the benefit of the University.

Return objectives and risk parameters: The primary investment objective of the Foundation's asset management program is to achieve an annualized total return (net of fees and expenses) equal to or greater than the rate of inflation, in order to maintain the purchasing power of those assets. The assets are managed in a manner that will not only meet the primary investment objective, but also seek growth above the objective and attempt to limit volatility for year-to-year spending.

The Foundation has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Under this policy endowment assets are invested in a manner that is intended to yield a long-term rate of return that exceeds the sum of the distribution rate, inflation and administrative fees of the endowment, while assuming a prudent level of investment risk. Actual results may not be sufficient to achieve this over some shorter time frames.



Note 16—Indiana University Foundation Notes to Financial Statements

Indiana University Foundation

Notes to Financial Statements (In thousands)

Note 9. Endowments (Continued)

Strategies employed for achieving investment objectives: To achieve its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints. Endowment assets will be invested in the Foundation's Pooled Long-Term Fund. Operating funds will typically be invested in the Pooled Short-Term Fund. An additional option is the Pooled Intermediate-Term Fund, which will fill a need for those operating funds that are due to be spent six months to two years from the time the cash is received. The Foundation's Investment Committee understands the long-term nature of the endowment assets and believes that investing in assets with higher return expectations outweighs their short-term volatility risk. As a result, the majority of assets will be invested in equity or equity-like securities, including real assets (real estate and natural resources). Real assets provide the added benefit of inflation protection. Fixed income and absolute return strategies will be used to lower short-term volatility and provide stability, especially during periods of deflation and negative equity markets. Cash is not a strategic asset of the Pooled Long-Term Fund, but is a residual to the investment process and used to meet the short-term liquidity needs.

Relationship of spending policy to investment objectives: The Foundation determines the method to be used to make endowment distributions to the University. In establishing a method, the Foundation considers the expected long-term rate of return on the investment of the Foundation's endowment funds. Over the long term, the Foundation expects the spending policy to allow the endowment to grow at a sufficient rate to maintain the purchasing power of the endowment assets over time, sometimes referred to as intergenerational equity, as well as to provide additional real growth through new gifts. Effective July 1, 2011, the Foundation determined that distributions will continue to be based upon a 12-quarter rolling average of the market value of the Pooled Long-Term Fund, but constrained by inflation bands that will limit the distributions to fall within two times inflation on the growth side and one times inflation on the down side, based on what was distributed in the previous year. The inflation factor is calculated as a rolling five-year average of the Consumer Price Index. Additionally, the distribution rate is 4.5% in fiscal year 2019-2020. The expectation is that these inflation bands will prevent distributions from fluctuating widely. Depending upon market conditions and the needs and available resources of the Foundation, appropriations for expenditure from individual endowments may be temporarily suspended to facilitate preservation of the endowment.

Underwater endowments: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor originally contributed. At June 30, 2020 and 2019, there were 2,628 and 631 accounts of \$827,156 and \$220,782 with a current fair value of \$773,208 and \$207,493, respectively. The total underwater amount of \$53,948 and \$13,289 as of June 30, 2020 and 2019, respectively, resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions of donor-restricted endowment funds and continued appropriation for their related programs, which have been deemed prudent by the Board.



Indiana University Foundation

Notes to Financial Statements (In thousands)

Note 10. Board Designated Net Assets

The Indiana University Foundation's board of directors has designated from net assets without donor restrictions \$66,894 and \$57,512 as of June 30, 2020 and 2019, respectively, net assets for the following purposes:

	 2020	2019
Quasi-endowments:		_
Foundation	\$ 33,981	\$ 31,567
University	4,813	5,162
Reserves and encumbrances	28,100	20,783
	\$ 66,894	\$ 57,512

Note 11. Net Assets with Donor Restrictions

The income generated from restricted net assets is used in accordance with the donors' time and/or purpose restrictions. Foundation operations' and University programs' donor restricted assets listed in the following table include \$1,621,102 and \$1,660,584 of donor restricted assets held in perpetuity for the years ended June 30, 2020 and 2019, respectively. A summary of net assets with donor restrictions and the nature of the related donor-imposed restrictions as of June 30 are as follows:

	2020			2019		
Foundation operations	\$	31,034	\$	32,622		
University programs:						
Awards		45,096		39,451		
Capital and capital						
improvements		154,174		136,212		
Fellowships / lectureships		152,876		150,027		
General endowments		628,267		652,524		
Medical practice plans		33,261		35,371		
Operations		119,552		91,808		
Professorships / chairs		580,190		603,499		
Research		108,421		107,933		
Scholarships		740,240		762,607		
	\$	2,593,111	\$	2,612,054		

Note 12. Retirement Plan

The Foundation maintains the Indiana University Foundation Section 403(b) Annuity Plan (the Plan), a defined contribution retirement plan available to all eligible employees. The Foundation Investment Retirement Committee administers the operation of the Plan. Benefits to retired participants are based on the value of the individual retirement account at the date of retirement. The total contribution is 10% of the participant's annual salary up to the social security wage base and 15% on annual salary in excess of the social security wage base. The Foundation's policy is to fund retirement costs related to the Plan as incurred. Retirement expense related to this plan amounted to \$2,251 and \$2,145 for the years ended June 30, 2020 and 2019, respectively.



Note 16—Indiana University Foundation Notes to Financial Statements

Indiana University Foundation

Notes to Financial Statements (In thousands)

Note 13. Functional Classification of Expenditures

Program expenditures include support for Foundation and University programs. For the years ended June 30, 2020 and 2019, a summary of these expenditures is as follows:

		Grants and Aid to the	M	anagement and				
2020		University		General	Fu	ndraising		Total
University activities:	\$	31,944	\$		\$		\$	21.044
University support Student scholarships and financial aid	ф	,	Ф	-	Ф	-	Ф	31,944
Land, building and equipment purchases		56,974		-		-		56,974
		31,819		-		-		31,819
Faculty support		37,847		-		-		37,847
Faculty research Foundation activities:		10,022		-		-		10,022
Salaries and benefits		879		0 417		16 402		25 600
				8,417		16,403		25,699
Depreciation		2,240		190		490		2,920
Insurance		199		186		327		712
Interest		138		_				138
Maintenance		1,248		521		552		2,321
Miscellaneous		1,055		63		151		1,269
Office expenses		12		373		671		1,056
Professional fees		121		1,088		1,093		2,302
Technology		12		582		1,178		1,772
Training and recruitment		-		254		121		375
Travel and representation		694		737		1,020		2,451
Utilities		8		236		4		248
Bad debts	_	475.040	Φ.	3,145	Φ.	29	Φ.	3,174
	\$	175,212	\$	15,792	\$	22,039	\$	213,043
		Grants and	M	anagement				
		Grants and	M	anagement				
2010		Aid to the	M	and	Fu	ndraising		Total
2019 University activities:			Ma	•	Fu	ndraising		Total
University activities:	\$	Aid to the University		and		ndraising -		
University activities: University support	\$	Aid to the University 37,568	M:	and	Fu \$	ndraising - -	\$	37,568
University activities: University support Student scholarships and financial aid	\$	Aid to the University 37,568 53,144		and General		-	\$	37,568 53,144
University activities: University support Student scholarships and financial aid Land, building and equipment purchases	\$	Aid to the University 37,568 53,144 38,581		and General		-	\$	37,568 53,144 38,581
University activities: University support Student scholarships and financial aid Land, building and equipment purchases Faculty support	\$	37,568 53,144 38,581 36,396		and General		-	\$	37,568 53,144 38,581 36,396
University activities: University support Student scholarships and financial aid Land, building and equipment purchases Faculty support Faculty research	\$	Aid to the University 37,568 53,144 38,581		and General		-	\$	37,568 53,144 38,581
University activities: University support Student scholarships and financial aid Land, building and equipment purchases Faculty support Faculty research Foundation activities:	\$	Aid to the University 37,568 53,144 38,581 36,396 5,055		and General - - - - -		- - - - -	\$	37,568 53,144 38,581 36,396 5,055
University activities: University support Student scholarships and financial aid Land, building and equipment purchases Faculty support Faculty research Foundation activities: Salaries and benefits	\$	Aid to the University 37,568 53,144 38,581 36,396 5,055		and General - - - - - - - 8,505		- - - - - 15,230	\$	37,568 53,144 38,581 36,396 5,055
University activities: University support Student scholarships and financial aid Land, building and equipment purchases Faculty support Faculty research Foundation activities: Salaries and benefits Depreciation	\$	Aid to the University 37,568 53,144 38,581 36,396 5,055		and General - - - - -		- - - - - - 15,230 473	\$	37,568 53,144 38,581 36,396 5,055 24,711 3,010
University activities: University support Student scholarships and financial aid Land, building and equipment purchases Faculty support Faculty research Foundation activities: Salaries and benefits Depreciation Insurance	\$	Aid to the University 37,568 53,144 38,581 36,396 5,055 976 2,272 156		and General - - - - - - - 8,505 265		- - - - - 15,230	\$	37,568 53,144 38,581 36,396 5,055 24,711 3,010 697
University activities: University support Student scholarships and financial aid Land, building and equipment purchases Faculty support Faculty research Foundation activities: Salaries and benefits Depreciation Insurance Interest	\$	Aid to the University 37,568 53,144 38,581 36,396 5,055 976 2,272 156 278		and General - - - - - - 8,505 265 212 -		- - - - - - 15,230 473 329	\$	37,568 53,144 38,581 36,396 5,055 24,711 3,010 697 278
University activities: University support Student scholarships and financial aid Land, building and equipment purchases Faculty support Faculty research Foundation activities: Salaries and benefits Depreciation Insurance Interest Maintenance	\$	Aid to the University 37,568 53,144 38,581 36,396 5,055 976 2,272 156 278 1,213		and General - - - - - - 8,505 265 212 - 648		15,230 473 329 -	\$	37,568 53,144 38,581 36,396 5,055 24,711 3,010 697 278 2,425
University activities: University support Student scholarships and financial aid Land, building and equipment purchases Faculty support Faculty research Foundation activities: Salaries and benefits Depreciation Insurance Interest Maintenance Miscellaneous	\$	Aid to the University 37,568 53,144 38,581 36,396 5,055 976 2,272 156 278 1,213 524		and General - - - - - 8,505 265 212 - 648 124		15,230 473 329 - 564 221	\$	37,568 53,144 38,581 36,396 5,055 24,711 3,010 697 278 2,425 869
University activities: University support Student scholarships and financial aid Land, building and equipment purchases Faculty support Faculty research Foundation activities: Salaries and benefits Depreciation Insurance Interest Maintenance Miscellaneous Office expenses	\$	Aid to the University 37,568 53,144 38,581 36,396 5,055 976 2,272 156 278 1,213 524 18		and General - - - - - 8,505 265 212 - 648 124 310		15,230 473 329 - 564 221 850	\$	37,568 53,144 38,581 36,396 5,055 24,711 3,010 697 278 2,425 869 1,178
University activities: University support Student scholarships and financial aid Land, building and equipment purchases Faculty support Faculty research Foundation activities: Salaries and benefits Depreciation Insurance Interest Maintenance Miscellaneous Office expenses Professional fees	\$	Aid to the University 37,568 53,144 38,581 36,396 5,055 976 2,272 156 278 1,213 524 18 168		and General - - - - - 8,505 265 212 - 648 124 310 969		15,230 473 329 - 564 221 850 741	\$	37,568 53,144 38,581 36,396 5,055 24,711 3,010 697 278 2,425 869 1,178 1,878
University activities: University support Student scholarships and financial aid Land, building and equipment purchases Faculty support Faculty research Foundation activities: Salaries and benefits Depreciation Insurance Interest Maintenance Miscellaneous Office expenses Professional fees Technology	\$	Aid to the University 37,568 53,144 38,581 36,396 5,055 976 2,272 156 278 1,213 524 18		and General 8,505 265 212 - 648 124 310 969 552		15,230 473 329 - 564 221 850 741 981	\$	37,568 53,144 38,581 36,396 5,055 24,711 3,010 697 278 2,425 869 1,178 1,878 1,550
University activities: University support Student scholarships and financial aid Land, building and equipment purchases Faculty support Faculty research Foundation activities: Salaries and benefits Depreciation Insurance Interest Maintenance Miscellaneous Office expenses Professional fees Technology Training and recruitment	\$	Aid to the University 37,568 53,144 38,581 36,396 5,055 976 2,272 156 278 1,213 524 18 168 17		and General		15,230 473 329 - 564 221 850 741 981 114	\$	37,568 53,144 38,581 36,396 5,055 24,711 3,010 697 278 2,425 869 1,178 1,878 1,550 314
University activities: University support Student scholarships and financial aid Land, building and equipment purchases Faculty support Faculty research Foundation activities: Salaries and benefits Depreciation Insurance Interest Maintenance Miscellaneous Office expenses Professional fees Technology Training and recruitment Travel and representation	\$	Aid to the University 37,568 53,144 38,581 36,396 5,055 976 2,272 156 278 1,213 524 18 168 17 - 1,571		and General - - - - - 8,505 265 212 - - 648 124 310 969 552 200 746		15,230 473 329 - 564 221 850 741 981 114 1,382	\$	37,568 53,144 38,581 36,396 5,055 24,711 3,010 697 278 2,425 869 1,178 1,878 1,550 314 3,699
University activities: University support Student scholarships and financial aid Land, building and equipment purchases Faculty support Faculty research Foundation activities: Salaries and benefits Depreciation Insurance Interest Maintenance Miscellaneous Office expenses Professional fees Technology Training and recruitment Travel and representation Utilities	\$	Aid to the University 37,568 53,144 38,581 36,396 5,055 976 2,272 156 278 1,213 524 18 168 17		and General		15,230 473 329 - 564 221 850 741 981 114	\$	37,568 53,144 38,581 36,396 5,055 24,711 3,010 697 278 2,425 869 1,178 1,878 1,550 314 3,699 280
University activities: University support Student scholarships and financial aid Land, building and equipment purchases Faculty support Faculty research Foundation activities: Salaries and benefits Depreciation Insurance Interest Maintenance Miscellaneous Office expenses Professional fees Technology Training and recruitment Travel and representation	\$	Aid to the University 37,568 53,144 38,581 36,396 5,055 976 2,272 156 278 1,213 524 18 168 17 - 1,571		and General - - - - - 8,505 265 212 - - 648 124 310 969 552 200 746		15,230 473 329 - 564 221 850 741 981 114 1,382	\$	37,568 53,144 38,581 36,396 5,055 24,711 3,010 697 278 2,425 869 1,178 1,878 1,550 314 3,699



Indiana University Foundation

Notes to Financial Statements (In thousands)

Note 14. Related-Party Transactions

In addition to amounts and transactions disclosed in the preceding notes and financial statements, the following is a summary of related-party transactions. These transactions have been summarized below by financial statement classification as reported in the statements of activities. Related parties include affiliates, Board of Directors, management, and members of their immediate families.

Support and other revenue:

Fees and other income: Included in unrestricted other income is direct support from the University for certain fundraising efforts as well as income from its program operations. For the years ended June 30, 2020 and 2019, the University provided development services support to the Foundation in the amount of \$4,416 and \$4,416, and reimbursed the Foundation for its direct support of campaign fundraising efforts in the amount of \$1,558 and \$1,089, respectively. As a part of the Foundation's program operations, the Foundation received support from the University for each of the years ended June 30, 2020 and 2019, respectively, as follows: \$5,974 and \$6,047 of rental income for the lease of certain real estate; \$0 and \$421 for Telefund service fees related to its telephone fundraising operations; \$420 and \$1,168 for charter services; and \$23,234 and \$21,944 in management/administrative fees, of which \$2,731 and \$2,648 were received on custodial assets held for the University or University affiliates.

Contributions and promises to give: The Foundation includes related-party contributions in the statements of activities and outstanding related-party promises to give in the statements of financial position.

A summary of related-party contributions and promises to give as of and for the years ended June 30, 2020 and 2019, follows:

	 2020	2019
Contributions	\$ 15,907	\$ 13,570
Promises to give	79,041	92,634

Expenditures:

Program expenditures: The Foundation operates a program to acquire on behalf of, lease to, and/or grant real estate to the University. Included in University support are the net book values of properties granted to the University totaling \$658 and \$1,191 for the years ended June 30, 2020 and 2019, respectively. In addition, program costs include maintenance and repair, utilities, insurance and taxes. Income received by the Foundation related to these operations is recorded in other income.

Note 15. Cash Flows Information

Supplemental information relative to the statement of cash flows for the years ended June 30, 2020 and 2019 is as follows:

	 2020	2019
Supplemental disclosure of cash flow information: Cash payments for interest	\$ 136	\$ 276
Non-cash investing and financing activities: Gifts of securities, life insurance, and real and personal property at fair value	\$ 44,184	\$ 39,944



REQUIRED SUPPLEMENTARY INFORMATION (RSI) INDIANA PUBLIC EMPLOYEES' RETIREMENT FUND

Schedule of the University's Proportionate Share of the Net Pension Liability for the Indiana Public Employees' Retirement Fund (last 10 years1):

(dollar amounts presented in thousands)

				Ме	asuremen	t Da	ate as of				
	June 30, 2019		June 30, 2018		June 30, 2017		June 30, 2016		June 30, 2015		June 30, 2014
University's proportion of the net pension liability	1.97%		2.02%		2.06%		2.11%		3.30%		3.85%
University's proportionate share of the net pension liability	\$ 65,254	\$	68,576	\$	92,066	\$	95,689	\$	134,565	\$	101,229
University's covered payroll	\$ 101,364	\$	124,694	\$	128,504	\$	139,508	\$	156,848	\$	185,019
University's proportionate share of the net pension liability as a percentage of its covered payroll	64.38%		55.00%		71.64%		68.59%		85.79%		54.71%
Plan fiduciary net position as a percentage of the total pension liability	80.10%		78.90%		76.60%		75.30%		77.30%		84.30%

The amounts presented for each fiscal year were determined as of June 30.

Schedule of the University's Contributions for the Indiana Public Employees' Retirement Fund (last 10 years1):

(dollar amounts presented in thousands)

(/					
			Fiscal Year			
	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 10,583	\$ 11,170	\$ 13,978	\$ 13,980	\$ 15,637	\$ 17,484
Contributions in relations to the contractually required contribution	\$ (10,583)	\$ (11,170)	\$ (13,978)	\$ (13,980)	\$ (15,637)	\$ (17,484)
Contribution deficiency	_	_	_	_	_	_
University's covered payroll	\$ 94,664	\$101,364	\$ 124,694	\$ 128,504	\$ 139,508	\$ 156,848
Contributions as a percentage of covered payroll	11.18%	11.02%	11.21%	10.88%	11.21%	11.15%

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: 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 13th 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.

¹ GASB Statement No. 68 requires disclosure of a 10-year schedule. The financial statement information was not available for years prior to those presented. Additional years will be included in future reports as data becomes available.



REQUIRED SUPPLEMENTARY INFORMATION OTHER POSTEMPLOYMENT BENEFIT PLANS

Schedule of the University's Total Liability for Other Postemployment Benefit Plans (last 10 years¹) Under GASB 75:

(dollar amounts presented in thousands)

Total	\$ 7,648	\$ 7,964	\$ 1,799	\$ 55,062	\$ (37,188)	\$ 35,285	\$ 233,258	\$268,543	_	
									-	
Retiree Life Insurance	1,095	1,301	(909)	69	(1,286)	270	35,897	36,167	1,211,908	3.0%
Insurance	3,111	1,494	3,498	58,618	(3,714)	63,007	40,456	103,463	1,211,908	8.5%
Retiree Health	0.111	1 40 4	2.400	FO 610	(0.714)	62.007	40.450	100.460	1 011 000	0.50/
18/20 Plan	\$ 3,442	\$ 5,169	\$ (790)	\$ (3,625)	\$ (32,188)	\$ (27,992)	\$ 156,905	\$ 128,913	\$ 23,729	543.3%
Fiscal Year 2018:										
Total	\$ 11,610	\$10,224	\$ 6,044	\$ (9,528)	\$(32,264)	\$ (13,914)	\$ 268,543	\$254,629		
Retiree Life Insurance	974	1,410	2,134	-	(1,435)	3,083	36,167	39,250	1,248,265	3.1%
Retiree Health Insurance	8,427	4,243	3,257	(6,325)	(4,552)	5,050	103,463	108,513	1,248,265	8.7%
Fiscal Year 2019: 18/20 Plan	\$ 2,209	\$ 4,571	\$ 653	\$ (3,203)	\$ (26,277)	\$ (22,047)	\$ 128,913	\$ 106,866	\$ 24,322	439.4%
Total	\$ 12,306	\$ 8,787	\$ 11,054	\$ (24,117)	\$(33,456)	\$(25,426)	\$254,629	\$229,203	•	
	, -				(,,				-	
Retiree Life Insurance	1,118	1,391	5,188	413	(1,469)	6,641	39,250	45,891	1,307,836	3.5%
Retiree Health Insurance	8,746	4,052	3,852	(22,099)	(3,690)	(9,139)	108,513	99,374	1,307,836	7.6%
Fiscal Year 2020: 18/20 Plan	\$ 2,442	\$ 3,344	\$ 2,014	\$ (2,431)	\$ (28,297)	\$(22,928)	\$ 106,866	\$ 83,938	\$ 20,425	411.0%
	 Service Cost	Interest	Changes in Assumptions	Expected and Actual Experience	Benefit Payments	in Total OPEB Liability	Liability, Beginning of Year	Liability, End of Year	Covered Payroll	Percentage of Covered Payroll
				Differences Between		Net Change	Total OPEB	Total OPEB		Total Liability as

Notes to RSI:

Fiscal Year 2020:

Changes of Benefit Terms: There were no changes of benefit terms for the plan year ended June 30, 2020.

Changes in Assumptions: The discount rate decreased to 2.66% as of June 30, 2020. The health care trend rates have been reset to an initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5%. The mortality table has been updated from fully generational using Scale MP-2017 to headcount weighted, fully generational using Scale MP-2019.

Fiscal Year 2019:

Changes of Benefit Terms: There were no changes of benefit terms for the plan year ended June 30, 2019.

Changes in Assumptions: The discount rate decreased to 3.51% as of June 30, 2019. The health care trend rates have been reset to an initial rate of 8.5% decreasing by 0.5% annually to an ultimate rate of 5.0%.

Fiscal Year 2018:

Changes of Benefit Terms: There were no changes of benefit terms for the plan year ended June 30, 2018; however, the medical plan available to retirees has been changed from the PPO \$900 Deductible plan (which is no longer offered) to the Anthem PPO HDHP plan.

Changes in Assumptions: The discount rate was 3.87% as of June 30, 2018, and 3.58% as of July 1, 2017. The actuarial cost method was updated from Projected Unit Credit with linear proration to decrement to Entry Age Normal Level % of Salary. The mortality table has been

updated from SOA RPH-2015 Total Dataset
Mortality Table fully generational using Scale
MP-2015 to SOA RPH-2017 Total Dataset
Mortality Table fully generational using Scale
MP-2017. The health care trend rates have been
reset to an initial rate of 9.0% decreasing by 0.5%
annually to an ultimate rate of 5.0%.

¹ GASB Statement No. 75 requires disclosure of a 10-year schedule. The financial statement information was not available for years prior to 2018. Additional years will be included in future reports as data becomes available.



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for fiscal year ended June 30, 2020

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for fiscal year ended June 30, 2020

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Donald S. Lukes

Treasurer, Indiana University

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Additional copies of this report may be obtained from:

Office of the Vice President and Chief Financial Officer

Bryan Hall 212 107 S. Indiana Avenue Indiana University Bloomington, IN 47405-7000 https://vpcfo.iu.edu/

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201 N. Indiana Avenue Bloomington, IN 47408 https://gov.iu.edu

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Associate Vice President and University Controller

Financial Management Services Poplars 519 400 E. 7th Street Indiana University Bloomington, IN 47405-3085 https://fms.iu.edu

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Vice Provost for Enrollment Management

Office of Admissions 940 E. Seventh Street Indiana University Bloomington, IN 47405-1106 https://admissions.indiana.edu

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1500 N. State Road 46 Bypass Bloomington, IN 47408 https://iufoundation.iu.edu/

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Alumni Association

Virgil T. DeVault Alumni Center 1000 E. 17th Street Indiana University Bloomington, IN 47408-1521 http://alumni.iu.edu



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EXHIBIT B

CERTIFICATE RE: AUDITED FINANCIAL STATEMENTS

The undersigned, on behalf of The Trustees of Indiana University, as Obligor under the Second Amended and Restated Continuing Disclosure Undertaking Agreement, dated February 1, 2020 (the "Second Restated Undertaking") hereby certifies that the enclosed herewith are the audited financial statements which are required to be provided pursuant to Section 5(a)(l) of the Second Restated Undertaking.

Dated: December 17, 2020

THE TRUSTEES OF INDIANA UNIVERSITY, as Obligor

By: Sorele A Luker

Name:

Donald S. Lukes

Title:

Treasurer

EXHIBIT C

CERTIFICATE RE: ANNUAL FINANCIAL INFORMATION DISCLOSURE

The undersigned, on behalf of The Trustees of Indiana University, as Obligor under the Second Amended and Restated Continuing Disclosure Undertaking Agreement, dated February 1, 2020 (the "Second Restated Undertaking") hereby certifies that the information enclosed herewith constitutes the Annual Information (as defined in the Second Restated Undertaking) which is required to be provided pursuant to Section 5(a)(2) of the Second Restated Undertaking.

Dated: December 17, 2020

THE TRUSTEES OF INDIANA UNIVERSITY, as Obligor

By: Small A Leker

Name:

Donald S. Lukes

Title:

Treasurer

Schedule I to Exhibits B and C

THE TRUSTEES of INDIANA UNIVERSITY ("INDIANA UNIVERSITY")

This filing relates to the following bonds outstanding as of June 30, 2020 for the issues occurring in the month and year specified:

Indiana University Student Fee Bonds, Series T-2: April 2010 Indiana University Student Fee Bonds, Series U: July 2011

Indiana University Student Fee Bonds, Series V. 1 & V. 2. Oatal

Indiana University Student Fee Bonds, Series V-1 & V-2: October 2012

Indiana University Student Fee Bonds, Series W-1 & W-2: January 2015

Indiana University Student Fee Bonds, Series X: August 2016 Indiana University Student Fee Bonds, Series Y: October 2018

Indiana University Student Fee Bonds, Series Z-1 & Z-2: June 2020

Indiana University Consolidated Revenue Bonds, Series 2012A: January 2012

Indiana University Consolidated Revenue Bonds, Series 2015A: April 2015

Indiana University Consolidated Revenue Bonds, Series 2016A: April 2016

Indiana University Consolidated Revenue Bonds, Series 2020A & 2020B: March 2020

Indiana University Certificates of Participation, Series 2012A: February 2012 Indiana University Certificates of Participation, Series 2013A: March 2013

Indiana University Lease Purchase Obligations, Series 2014A: February 2014

Indiana University Lease Purchase Obligations, Series 2015A: May 2015

Indiana University Lease Purchase Obligations, Series 2017A: March 2017

Indiana University Lease Purchase Obligations, Series 2020A & 2020B: March 2020

Indiana University Commercial Paper, Series 2018A: May 2018