NEW ISSUE--BOOK-ENTRY ONLY

RATINGS: Moody's: "Aaa"
Standard & Poor's: "AA+"
See "RATINGS" herein.

In the opinion of Ice Miller LLP, Bond Counsel, conditioned on continuing compliance with the Tax Covenants (as hereinafter defined), under existing laws, judicial decisions, regulations and rulings, the interest on the 2015A Obligations (as hereinafter defined) is excludable from gross income for purposes of federal income tax pursuant to Section 103 of the Internal Revenue Code of 1986, as amended, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. In the opinion of Ice Miller LLP, Bond Counsel, under present laws, judicial decisions, regulations and rulings, interest on the 2015A Obligations is exempt from income taxation in the State of Indiana. See "TAX MATTERS" herein and Appendix D hereto.

$31,025,000
INDIANA UNIVERSITY
Lease Purchase Obligations, Series 2015A
of
The Trustees of Indiana University

Dated: Date of Delivery

Due: June 1, as shown on the inside front cover page hereof

The Lease Purchase Obligations, Series 2015A, of The Trustees of Indiana University (the "2015A Obligations") are issuable only as fully registered obligations and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the 2015A Obligations will be made in book-entry form in the denomination of $5,000 or any integral multiple thereof. Purchasers of beneficial interests in the 2015A Obligations (the "Beneficial Owners") will not receive physical delivery of certificates representing their interest in the 2015A Obligations. See "2015A OBLIGATIONS--Book-Entry Only System."

The 2015A Obligations and all other certificates or obligations heretofore or hereafter issued under the Indenture (as hereinafter defined) (collectively, the "Obligations") evidence an undivided proportionate interest in certain rental payments (the "Lease Payments") payable by The Trustees of Indiana University (the "Corporation" or the "University"), as lessee, to the Trustee (as hereinafter defined), as lessor (by assignment from IUBC (as hereinafter defined)), pursuant to the Lease Purchase and Sublease Agreement (Assembly Hall Renovation Project) dated as of May 1, 2015, between IUBC, as lessor, and the Corporation, as lessee (the "2015A Lease"), and any other lease agreements heretofore or hereafter entered into between the Corporation, as lessee, and IUBC, as lessor, assigned to the Trustee (the 2015A Lease and such other lease agreements, collectively, the "Leases"). The Obligations are special and limited obligations of the Corporation, payable solely from and secured exclusively by certain property pledged thereto under the Indenture, including the Lease Payments under the Leases. The Lease Payments under the Leases are payable by the Corporation solely from Available Funds, as defined and described herein. See "SECURITY AND SOURCES OF PAYMENT FOR OBLIGATIONS" and "AVAILABLE FUNDS".

Interest components of the 2015A Obligations, at the rates set forth on the inside cover page hereof, are payable on December 1, 2015, and on each June 1 and December 1 thereafter, and such interest, together with the principal of and premium, if any, represented by the 2015A Obligations, will be paid directly to DTC by The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"), so long as DTC or its nominee is the registered owner of the 2015A Obligations. The final disbursements of such payments to the Beneficial Owners of the 2015A Obligations will be the responsibility of the DTC Participants and the Indirect Participants, all as defined and more fully described in this Official Statement under the caption "2015A OBLIGATIONS--Book-Entry Only System."

Certain 2015A Obligations are subject to optional redemption prior to maturity as described in this Official Statement. See "2015A OBLIGATIONS--Redemption."

The 2015A Obligations are being issued pursuant to an Amended and Restated Trust Indenture (Second) dated as of February 1, 2014, as supplemented by a Sixth Supplemental Indenture dated as of May 1, 2015 (such Amended and Restated Trust Indenture (Second), as so supplemented, the "Indenture"), each between the Indiana University Building Corporation ("IUBC"), as assignee of the Indiana University Foundation, and the Trustee. The proceeds of the 2015A Obligations will be used to (i) pay the cost of the Assembly Hall Renovation Project, as described herein, (ii) pay capitalized interest on the 2015A Obligations and (iii) pay the costs of issuing the 2015A Obligations. See "PLAN OF FINANCE."

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

The 2015A Obligations are offered when, as and if issued and received by the Underwriters (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice, to approval of certain legal matters by Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, and to certain other conditions. Certain legal matters will be passed on for the Corporation by Jacqueline A. Simmons, Esq., Bloomington, Indiana, Vice President and General Counsel to the Corporation. Certain legal matters will be passed on for IUBC by Ice Miller LLP, Indianapolis, Indiana, as special counsel to IUBC. Certain legal matters will be passed on for the Underwriters by Barnes & Thornburg LLP, Indianapolis, Indiana, counsel to the Underwriters. It is expected that the 2015A Obligations in definitive form will be available for delivery to DTC in New York, New York, on or about May 13, 2015.

City Securities Corporation

Morgan Stanley **Loop Capital Markets**

Official Statement dated: April 29, 2015

$31,025,000
Indiana University
Lease Purchase Obligations, Series 2015A
of
The Trustees of Indiana University

June 1	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2017	$ 565,000	4.000%	0.65%	106.810%	455160AW1
2018	1,220,000	4.000	1.00	108.989	455160AX9
2019	1,265,000	4.000	1.27	110.743	455160AY7
2020	1,315,000	5.000	1.46	117.172	455160AZ4
2021	1,385,000	5.000	1.64	119.276	455160BA8
2022	1,450,000	5.000	1.83	120.876	455160BB6
2023	1,525,000	5.000	2.02	122.036	455160BC4
2024	1,600,000	5.000	2.19	122.954	455160BD2
2025	1,680,000	5.000	2.30	124.102	455160BE0
2026	1,765,000	5.000	2.49*	122.194*	455160BF7
2027	1,855,000	5.000	2.63*	120.809*	455160BG5
2028	1,195,000	5.000	2.75*	119.638*	455160BH3
2028	750,000	4.000	2.96*	108.982*	455160BQ3
2029	2,035,000	5.000	2.83*	118.864*	455160BJ9
2030	2,135,000	3.125	3.30	97.936	455160BK6
2031	2,205,000	3.125	3.36	97.101	455160BL4
2032	2,270,000	3.250	3.42	97.816	455160BM2
2033	2,345,000	5.000	3.06*	116.673*	455160BN0
2034	2,465,000	5.000	3.10*	116.297*	455160BP5

*Priced to first optional redemption date of June 1, 2025.

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No dealer, broker, salesman or any other person has been authorized by the Corporation, IUBC or the Underwriters to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the Corporation, IUBC or the Underwriters. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. Any information or expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create an implication that there has been no change as to the affairs of the Corporation or IUBC since the date of this Official Statement.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the 2015A Obligations in any jurisdiction in which or to any person to whom it is unlawful to make such offer, solicitation or sale.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2015A OBLIGATIONS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

UPON ISSUANCE, THE 2015A OBLIGATIONS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW OR REGULATION, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE.

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

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OFFICIAL STATEMENT

$31,025,000
Indiana University
Lease Purchase Obligations, Series 2015A
of
The Trustees of Indiana University

INTRODUCTION

This Official Statement, including the cover page, the inside cover page, the preliminary pages and the Appendices (the "Official Statement"), is provided to furnish certain information with respect to the sale and delivery of the Lease Purchase Obligations, Series 2015A, of The Trustees of Indiana University (the "2015A Obligations"), issued pursuant to Indiana Code 21-33-3-5 (the "Act") and the Amended and Restated Trust Indenture (Second) dated as of February 1, 2014, as supplemented by the Sixth Supplemental Indenture dated as of May 1, 2015 (such Amended and Restated Trust Indenture (Second), as so supplemented, the "Indenture"), each between the Indiana University Building Corporation ("IUBC"), as assignee of the Indiana University Foundation (the "Foundation"), and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"), evidencing an undivided proportionate interest in certain rental payments ("Lease Payments") to be made by The Trustees of Indiana University (the "Corporation" or the "University"), as lessee, to the Trustee, as lessor (by assignment from IUBC), pursuant to the Lease Purchase and Sublease Agreement (Assembly Hall Renovation Project) dated as of May 1, 2015, between IUBC, as lessor, and the Corporation, as lessee (the "2015A Lease"), and any other lease agreements heretofore or hereafter entered into between the Corporation, as lessee, and IUBC, as lessor, assigned to the Trustee (the 2015A Lease and such other lease agreements, collectively, the "Leases").

The Corporation will enter into the 2015A Lease to finance the Assembly Hall Renovation Project, as described herein (the "2015A Project"). See "PLAN OF FINANCE."

The Corporation is required under the Leases to pay Lease Payments equal to the principal of and premium, if any, and interest on the Obligations (as hereinafter defined) outstanding under the Indenture. See "SECURITY AND SOURCES OF PAYMENTS FOR OBLIGATIONS—Sources of Payment." The Corporation is also required to pay the trustee's fees, any taxes and assessments and the cost of maintenance and repair of the leased property. See "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE AND LEASES" in APPENDIX C hereto.

The Corporation's obligation to make Lease Payments under the Leases is limited to any and all monies of the Corporation 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 Corporation, 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, 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) (such monies, "Available Funds"). See "SECURITY AND SOURCES OF PAYMENT FOR OBLIGATIONS—Sources of Payment" and "AVAILABLE FUNDS."

IUBC will execute an Assignment of the 2015A Lease (the "2015A Assignment"), which conveys, transfers and assigns all of IUBC's rights, title and interest in and to the 2015A Lease to the Trustee. However, IUBC will retain its obligation to construct the 2015A Project under the 2015A Lease.

In 2003, the Corporation entered into an Amended and Restated Lease–Purchase Agreement with the Foundation, as predecessor in interest with respect to the Indenture and Leases to IUBC, dated as of February 15, 2003, as amended (the "2003 Lease"), to finance the acquisition, construction and equipping of a Biotechnology Research and Training Center (the "2003 Project"), under which the Corporation is required to pay Lease Payments equal to the portion, allocable to the 2003 Project, of the principal of and premium, if any, and interest on the 2012A Certificates (as defined below) issued under the Indenture, evidencing an undivided proportionate interest in such Lease Payments. The Corporation's obligation to make Lease Payments under the 2003 Lease is limited to Available Funds. The Foundation executed an Assignment of the 2003 Lease (the "2003 Assignment"), which

conveyed, transferred and assigned all of the Foundation's rights and interests in the 2003 Lease to the Trustee. On June 1, 2009, the Foundation assigned, and IUBC accepted, all of the Foundation's right, title and interest in, and obligations and duties under, the Indenture, the 2003 Lease and the 2003 Project.

In 2009, the Corporation entered into a Lease Purchase and Sublease Agreement – ALF-II (the "ALF-II Lease"), a Lease Purchase and Sublease Agreement – Cinema-Theatre (the "Cinema-Theatre Lease"), and a Lease Purchase and Sublease Agreement – HPER Courtyard Build-Out (the "HPER Lease"), each dated as of November 15, 2009, between IUBC, as lessor, and the Corporation, as lessee (the ALF-II Lease, the Cinema-Theatre Lease and the HPER Lease, collectively, the "2009 Leases"), to finance the acquisition, construction and equipping of an addition to the Auxiliary Library (the "AFL-II Project"), the remodeling of the theatre and drama space and renovation of the former University Theatre (the "Cinema-Theatre Project"), and the enclosure and build out of the open courtyard space in the middle of the Health, Physical Education and Recreation Building located on the Corporation's Bloomington campus (the "HPER Project") (the AFL-II Project, the Cinema-Theatre Project and the HPER Project, collectively, the "2009 Projects"). Under the 2009 Leases, the Corporation is required to pay Lease Payments equal to the principal of and premium, if any, and interest on the Taxable Certificates of Participation, Series 2009B (Build America Certificates - Direct Pay Option) (the "2009B Certificates"), issued under the Indenture, evidencing an undivided proportionate interest in such Lease Payments. The Corporation's obligation to make Lease Payments under the 2009 Leases is limited to Available Funds. IUBC executed an Assignment of the 2009 Leases (the "2009 Assignment"), which conveyed, transferred and assigned all of IUBC's rights and interests in the 2009 Leases to the Trustee.

In 2012, the Corporation entered into a Lease Purchase and Sublease Agreement between IUBC, as lessor, and the Corporation, as lessee, dated as of January 1, 2012 (the "2012 Lease"), to finance the acquisition, construction and equipping of the Andy Mohr Field (Baseball) and Bart Kaufman Field (Softball) Complex (the "2012 Project"), under which the Corporation is required to pay Lease Payments equal to the portion, allocable to the 2012 Project, of the principal of and premium, if any, and interest on the Certificates of Participation, Series 2012A (the "2012A Certificates"), issued under the Indenture, evidencing an undivided proportionate interest in such Lease Payments and the Lease Payments under the 2003 Lease (as described above). The Corporation's obligation to make Lease Payments under the 2012 Lease is limited to Available Funds. IUBC executed an Assignment of the 2012 Lease (the "2012 Assignment"), which conveyed, transferred and assigned all of IUBC's rights and interests in the 2012 Lease to the Trustee.

In 2013, the Corporation entered into a Lease Purchase and Sublease Agreement between IUBC, as lessor, and the Corporation, as lessee, dated as of March 1, 2013 (the "2013A Lease"), to finance the acquisition, construction and equipping of the Global and International Studies Building Project (the "2013A Project"), under which the Corporation is required to pay Lease Payments equal to the principal of and premium, if any, and interest on the Certificates of Participation, Series 2013A (the "2013A Certificates"), issued under the Indenture, evidencing an undivided proportionate interest in such Lease Payments. The Corporation's obligation to make Lease Payments under the 2013A Lease is limited to Available Funds. IUBC executed an Assignment of the 2013A Lease (the "2013A Assignment"), which conveyed, transferred and assigned all of IUBC's rights and interests in the 2013A Lease to the Trustee.

In 2014, the Corporation entered into a Lease Purchase and Sublease Agreement between IUBC, as lessor, and the Corporation, as lessee, dated as of February 1, 2014 (the "2014A Lease"), to finance the acquisition, construction and equipping of the University Hall Project (the "2014A Project"), under which the Corporation is required to pay Lease Payments equal to the principal of and premium, if any, and interest on the Lease Purchase Obligations, Series 2014A (the "2014A Obligations"), issued under the Indenture, evidencing an undivided proportionate interest in such Lease Payments. The Corporation's obligation to make Lease Payments under the 2014A Lease is limited to Available Funds. IUBC executed an Assignment of the 2014A Lease (the "2014A Assignment"), which conveyed, transferred and assigned all of IUBC's rights and interests in the 2014A Lease to the Trustee.

The 2009B Certificates, the 2012A Certificates, the 2013A Certificates, the 2014A Obligations, the 2015A Obligations and any additional lease purchase obligations or other permitted obligations issued under the Indenture (any such additional obligations, "Additional Obligations" and, together with the 2009B Certificates, the 2012A Certificates, the 2013A Certificates, the 2014A Obligations and the 2015A Obligations, collectively, the

"Obligations") are payable solely from and secured exclusively by the property pledged thereto under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR OBLIGATIONS."

The following table sets forth the total outstanding indebtedness under the Indenture as of the date of this Official Statement:

Series	Principal Amount Outstanding
2009B	$ 17,485,000
2012A	20,850,000
2013A	21,970,000
2014A	21,045,000
Total	$81,350,000

For a discussion of the Corporation, its programs, campuses, students, faculty, sources of revenues and financial condition, see APPENDIX A: "INDIANA UNIVERSITY."

THE OBLIGATIONS ARE NOT A GENERAL OBLIGATION, DEBT OR LIABILITY OF THE CORPORATION, IUBC OR THE STATE OF INDIANA, AND NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE OBLIGATIONS AGAINST THE CORPORATION, IUBC OR THE STATE OF INDIANA, OR AGAINST THE PROPERTY OR FUNDS OF THE CORPORATION, IUBC OR THE STATE OF INDIANA, EXCEPT TO THE EXTENT OF THE LEASE PAYMENTS PLEDGED UNDER THE INDENTURE FOR PAYMENT OF THE OBLIGATIONS. See "SECURITY AND SOURCES OF PAYMENT FOR OBLIGATIONS—Sources of Payment."

The descriptions and summaries of and references to various documents contained in this Official Statement do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the full text of each such document.

This introduction is not a summary of this Official Statement. This introduction is qualified by more complete and detailed information contained in this entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of this entire Official Statement and the documents summarized or described herein. The offering of the 2015A Obligations to potential investors from time to time is made only by means of this entire Official Statement and any amendments and supplements hereto.

2015A OBLIGATIONS

Principal Amount, Date, Interest Rates and Maturities

The 2015A Obligations will be issued in the aggregate principal amount of $31,025,000, will be dated the date of delivery thereof and will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement.

Each 2015A Obligation represents an undivided proportionate interest in the principal portion of the Lease Payments under the 2015A Lease due and payable with respect to the maturity date of such 2015A Obligation and in the interest portion of the Lease Payments under the 2015A Lease due and payable semiannually, to and including such maturity date (or earlier redemption), at the rate set forth in such 2015A Obligation.

Interest on the 2015A Obligations will be payable semiannually, commencing on December 1, 2015, and on each June 1 and December 1 thereafter to and including the date of maturity (or earlier redemption) (each, an

"Interest Payment Date"). The record date for the 2015A Obligations is the May 15 or November 15 (each, a "Record Date") immediately preceding the respective Interest Payment Date.

Principal of and premium, if any, on the 2015A Obligations will be payable at the corporate trust operations office of the Trustee, presently The Bank of New York Mellon Trust Company, N.A., upon the presentation and surrender of the 2015A Obligations. Interest on 2015A Obligations will be payable by check mailed by the Trustee one business day prior to each Interest Payment Date to the persons in whose name each 2015A Obligation is registered at the close of business on the Record Date preceding such Interest Payment Date and to such address as it appears on the registration books. However, payments to DTC for book entry only 2015A Obligations will be made in immediately available funds on the payment date.

Each 2015A Obligation will bear interest from the Interest Payment Date to which interest has been paid next preceding the date of its authentication, unless it is authenticated between the Record Date preceding an Interest Payment Date and such Interest Payment Date and payment of interest is not in default, in which case it will bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which case it will bear interest from the date of issuance.

Interest with respect to the 2015A Obligations will be computed on the basis of a 360-day year, consisting of twelve 30-day months.

In any case where the date of maturity of interest on or principal of any 2015A Obligations or the date fixed for redemption of any 2015A Obligations is a Saturday, Sunday or a day on which the Trustee is authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date but may be made on the prior business day on which such banking institutions are open for business with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest will accrue for the period after such date.

Form and Denomination

The 2015A Obligations will be issued in fully registered form in the denomination of $5,000 or any integral multiple of that amount.

Redemption

Optional Redemption. The 2015A Obligations maturing on or after June 1, 2026, are subject to optional redemption in whole or in part on any date on or after June 1, 2025, in the order of maturity specified by IUBC (as directed by the Corporation), at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption.

If fewer than all of the 2015A Obligations are to be optionally redeemed, the Corporation will select the order of maturities and the Trustee will select by lot, within maturities, the particular 2015A Obligations or portion of 2015A Obligations to be redeemed.

Notice of Redemption. FOR SO LONG AS THE 2015A OBLIGATIONS ARE REGISTERED TO DTC OR ITS NOMINEE, ANY NOTICE OF REDEMPTION WILL BE GIVEN ONLY TO DTC OR ITS NOMINEE, AS DESCRIBED BELOW UNDER THE HEADING "Book-Entry Only System." ANY FAILURE BY DTC TO NOTIFY THE OWNERS DOES NOT AFFECT THE VALIDITY OF THE REDEMPTION PROCEEDINGS FOR THE 2015A OBLIGATIONS.

Notice of redemption of the 2015A Obligations will be given by the Trustee by first class mail to the registered owner of each 2015A Obligation to be redeemed, not less than 30 days prior to the date fixed for redemption. However, failure to give such notice, or any defect in such notice, with respect to any 2015A Obligation will not affect the validity of any proceedings for the redemption of any of the other 2015A Obligations. Notice of redemption may be conditioned, among other things, upon timely availability of funds for redemption.

Interest on the 2015A Obligations so called for redemption will cease to accrue on the redemption date specified in said notice if funds are on deposit with the Trustee to redeem the 2015A Obligations when presented. Such 2015A Obligations will no longer be outstanding under or protected by the Indenture.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2015A Obligations. The 2015A Obligations will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered 2015A Obligation will be issued for the 2015A Obligations, in the aggregate principal amount of the 2015A Obligations, and will be deposited with DTC.

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

Purchases of 2015A Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2015A Obligations on DTC's records. The ownership interest of each actual purchaser of each 2015A Obligation ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2015A Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2015A Obligations, except in the event that use of the book entry system for the 2015A Obligations is discontinued.

To facilitate subsequent transfers, all 2015A Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2015A Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2015A Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2015A Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2015A Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2015A Obligations, such as redemptions, tenders, defaults, and

proposed amendments to the 2015A Obligation documents. For example, Beneficial Owners of 2015A Obligations may wish to ascertain that the nominee holding the 2015A Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2015A Obligations within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2015A Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2015A Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the 2015A Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the Corporation or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2015A Obligations at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, security certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book entry system has been obtained from sources that the Corporation and IUBC believe to be reliable, but neither the Corporation nor IUBC takes any responsibility for the accuracy thereof.

Disclaimer

THE INFORMATION PROVIDED ABOVE UNDER THIS CAPTION HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE CORPORATION, IUBC OR THE UNDERWRITERS (AS HEREINAFTER DEFINED) AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

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

(i) the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any beneficial ownership interest in any 2015A Obligations;

(ii) the delivery to any Direct Participant or Indirect Participant or any other person, other than an owner, as shown in the obligation register, of any notice with respect to any 2015A Obligation including, without limitation, any notice of redemption;

(iii) the payment to any Direct Participant or Indirect Participant or any other person, other than an owner, as shown in the obligation register, of any amount with respect to the principal of or premium, if any, or interest on any 2015A Obligation; or

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

Prior to any discontinuation of the book-entry only system described under this caption, IUBC, the Corporation and the Trustee may treat DTC as, and deem DTC to be, the absolute owner of the 2015A Obligations for all purposes whatsoever, including, without limitation:

(i) the payment of the principal of and premium, if any, and interest on the 2015A Obligations;

(ii) giving notices of redemption and other matters with respect to the 2015A Obligations;

(iii) registering transfers with respect to the 2015A Obligations; and

(iv) the selection of 2015A Obligations for redemption.

Transfer and Exchange of 2015A Obligations

FOR SO LONG AS THE 2015A OBLIGATIONS ARE REGISTERED UNDER A BOOK-ENTRY ONLY SYSTEM, THE TRANSFER AND EXCHANGE PROCEDURES SHALL BE AS DESCRIBED ABOVE UNDER "—Book-Entry Only System."

In the event that the 2015A Obligations are no longer registered under a book-entry only system, pursuant to the Indenture, the Corporation will cause to be kept an obligation register (the "Obligation Register") and, for that purpose, the Trustee has been appointed the obligation registrar (the "Obligation Registrar"). The Obligation Registrar will not be required to transfer or exchange any 2015A Obligations during the 15-day period next preceding the mailing of a notice of redemption of any 2015A Obligations of the same maturity nor to transfer or exchange any 2015A Obligation after notice calling such 2015A Obligation or any portion thereof for redemption has been mailed as provided in the Indenture. No service charge or payment will be required to be made by the owner requesting an exchange, registration or transfer of any 2015A Obligation, but the Obligation Registrar may require payment of a sum sufficient to cover any tax, fee or other governmental charge required to be paid with respect to such exchange, registration or transfer.

In the event that the 2015A Obligations are no longer registered under a book-entry only system, the person in whose name any 2015A Obligation is registered on the Obligation Register will be deemed and regarded as the absolute owner thereof for all purposes. Payment of either principal or interest with respect to any 2015A Obligation will be made only to or upon the order of the owner thereof or such owner's legal representative. All such payments will be valid and effectual to satisfy and discharge liability upon such 2015A Obligation to the extent of the sum or sums so paid. The Corporation, IUBC, the Trustee and any paying agent may deem and treat the registered owner as the absolute owner of such 2015A Obligation whether such 2015A Obligation is overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and neither the Corporation, IUBC, the Trustee, the Depository nor any paying agent will be affected by any notice to the contrary.

Revision of Book-Entry Only System; Replacement 2015A Obligations

In the event either (i) IUBC or the Corporation receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a securities depository for the 2015A Obligations or (ii) IUBC or the Corporation elects to discontinue its use of DTC as a securities depository for the 2015A Obligations, and in either case IUBC or the Corporation does not appoint an alternate securities depository, then IUBC and the Trustee will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the owners of the 2015A Obligations, as are necessary or appropriate to discontinue use of DTC as a securities depository for the 2015A Obligations and to transfer the ownership of each of the 2015A Obligations to such person or persons, including any other securities depository, as the owner of such 2015A Obligations may direct in accordance with the Indenture. If

ownership of the 2015A Obligations is transferred to the owners, the Trustee will execute and deliver fully registered replacement 2015A Obligations ("Replacement Obligations"), in the denomination of $5,000 or any integral multiple, to the owners of the 2015A Obligations. The expenses of any such transfer, including the printing of certificates for the Replacement Obligations, will be paid by IUBC or the Corporation.

The principal of and premium, if any, on the Replacement Obligations will be payable at the corporate trust operations office of the Trustee as paying agent (the "Paying Agent"), upon presentation and surrender thereof. Interest on the Replacement Obligations will be paid by check of the Paying Agent mailed one business day prior to each Interest Payment Date to the registered owners appearing on the registration books maintained by the Obligation Registrar, as of the close of business on the most recent Record Date.

Replacement Obligations may be transferred or exchanged by any Replacement Obligation holder or any Replacement Obligation holder's duly authorized attorney at the corporate trust operations office of the Obligation Registrar, to the extent and upon the conditions set forth in the Indenture, including the payment of a sum sufficient to cover any tax, fee or other governmental charge for any such transfer or exchange that may be imposed upon IUBC, the Corporation or the Obligation Registrar. The Obligation Registrar will not be required (i) to transfer or exchange any Replacement Obligation during the period of 15 days prior to the mailing of a notice of redemption of any Replacement Obligations of the same maturity or (ii) to transfer or exchange any Replacement Obligation called for redemption.

SECURITY AND SOURCES OF PAYMENT FOR OBLIGATIONS

General

Each Obligation evidences and represents an undivided proportionate interest in the Lease Payments required under the Leases and the assignment of the Lease Payments to be paid by the Corporation to the Trustee.

PAYMENT OF THE OBLIGATIONS WILL BE MADE BY THE TRUSTEE SOLELY FROM AMOUNTS DERIVED UNDER THE TERMS OF THE LEASES, INCLUDING LEASE PAYMENTS, AND AMOUNTS FROM TIME TO TIME ON DEPOSIT WITH THE TRUSTEE UNDER THE INDENTURE. THE CORPORATION'S OBLIGATION TO MAKE LEASE PAYMENTS UNDER THE 2003 LEASE, THE 2009 LEASES, THE 2012 LEASE, THE 2013A LEASE, THE 2014A LEASE AND THE 2015A LEASE IS LIMITED TO AVAILABLE FUNDS, CONSISTING OF ANY AND ALL MONIES OF THE CORPORATION 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 CORPORATION, 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, 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). See "AVAILABLE FUNDS."

Security

Each Obligation represents an undivided proportionate interest of the registered owners in the Lease Payments required to be paid by the Corporation to the Trustee under the Leases.

In the Indenture, in order to secure the payment of the principal of and premium, if any, and interest on the Obligations, and to secure the performance and observance of all covenants and conditions contained in the Obligations and the Indenture, IUBC pledges, mortgages and assigns to the Trustee, and grants to the Trustee a security interest in, all right, title and interest of IUBC in or to the following (the "Trust Estate"):

(a) its fee simple interest in certain real estate on which the 2003 Project is located and its leasehold interest in certain real estate on which the 2009 Projects, the 2012 Project, the 2013A Project, the 2014A Project and the 2015A Project are located;

(b) its fee simple interest in the 2003 Project and any and all other buildings and other improvements located on such real estate and its leasehold interest in the 2009 Projects, the 2012 Project, the 2013A Project, the 2014A Project and the 2015A Project and any and all other buildings and other improvements located on such real estate;

(c) the 2003 Assignment, the 2009 Assignment, the 2012 Assignment, the 2013A Assignment, the 2014A Assignment and the 2015A Assignment;

(d) all moneys and investments in the Debt Service Fund under the Indenture, including, without limitation, all rentals and other moneys to be received by or on behalf of the Trustee from the leasing of the 2003 Project, the 2009 Projects, the 2012 Project, the 2013A Project, the 2014A Project and the 2015A Project and any subsequent facilities of the Corporation financed under the Indenture (the 2003 Project, the 2009 Projects, the 2012 Project, the 2013A Project, the 2014A Project, the 2015A Project and any such subsequent facilities, the "Projects"), and in particular the rentals and other moneys to be received under and pursuant to and subject to the provisions of the Leases, all subject to and in accordance with the Indenture;

(e) all moneys and investments in the Project Fund under the Indenture; and

(f) any real or personal property pledged, mortgaged or assigned by IUBC to the Trustee, or in which IUBC grants to the Trustee a security interest, under any indenture supplemental to the Indenture.

The real estate on which the 2015A Project is located is owned by the Corporation. Upon issuance of the 2015A Obligations, the Corporation will lease such real estate to IUBC under a Lease between the Corporation, as lessor, and IUBC, as lessee (such Lease, the "Prime Lease"). Upon issuance of the 2015A Obligations, IUBC will sublease such real estate to the Corporation under the 2015A Lease.

Upon issuance of the 2015A Obligations, IUBC will have conveyed, transferred and assigned all of its rights and interest in the 2003 Lease, the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease to the Trustee. However, IUBC will retain its obligations to construct the 2015A Project under the 2015A Lease. The Indenture constitutes a mortgage of IUBC's interest in the real estate, on which the 2003 Project, the 2009 Projects, the 2012 Project, the 2013A Project, the 2014A Project and the 2015A Project are located. Each of the 2003 Lease, the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease grants to IUBC, upon default and notice, the right to take possession of the leased property. See "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE AND LEASES" in APPENDIX C hereto.

Sources of Payment

The Obligations will be payable by the Trustee solely from the Trust Estate, including Lease Payments required to be made by the Corporation under the Leases.

The Leases are subject to early termination under certain circumstances, including the exercise by the Corporation of its option to purchase the leased property or the condemnation of the leased property. See "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE AND LEASES" in APPENDIX C hereto.

The Corporation is required under the 2003 Lease, the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease to make Lease Payments in semiannual amounts sufficient to make the principal and interest payments represented by the 2009B Certificates, the 2012A Certificates, the 2013A Certificates, the 2014A Obligations and the 2015A Obligations, as applicable, unless the applicable Leases are terminated. See "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE AND LEASES" in APPENDIX C hereto.

The Corporation has also covenanted and agreed in each of the 2003 Lease, the 2009 Leases, the 2012 Lease, the 2013A Lease, 2014A Lease and the 2015A Lease that it will use and apply any Available Funds, to the extent necessary, for the purpose of satisfying its obligations under each of the 2003 Lease, the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease, respectively. Available Funds consist of any

and all monies of the Corporation which are legally available for the payment of any obligations under the Leases, including unrestricted operating fund balances, auxiliary fund balances and certain other fund balances of the Corporation, 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, 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). Notwithstanding any other provisions of the 2003 Lease, the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease, the obligations imposed upon the Corporation thereunder for the payment of rent or making of other expenditures of money are and will remain subject to the availability of Available Funds. No obligation imposed on the Corporation is or will constitute an obligation, indebtedness or liability of the State of Indiana. See "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE AND LEASES" in APPENDIX C hereto.

The Corporation is also required under each of the 2003 Lease, the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease to pay trustee fees, any taxes and assessments and the cost of maintenance and repair of the leased property. See "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE AND LEASES" in APPENDIX C hereto.

Schedule of Payments to Obligation Owners

The following table sets forth the scheduled payments on the 2015A Obligations:

Dates	Principal Portion	Interest Portion	Total Scheduled Payments
June 1, 2016	$ 0	$1,461,757.50	$1,461,757.50
June 1, 2017	565,000	1,392,150.00	1,957,150.00
June 1, 2018	1,220,000	1,369,550.00	2,589,550.00
June 1, 2019	1,265,000	1,320,750.00	2,585,750.00
June 1, 2020	1,315,000	1,270,150.00	2,585,150.00
June 1, 2021	1,385,000	1,204,400.00	2,589,400.00
June 1, 2022	1,450,000	1,135,150.00	2,585,150.00
June 1, 2023	1,525,000	1,062,650.00	2,587,650.00
June 1, 2024	1,600,000	986,400.00	2,586,400.00
June 1, 2025	1,680,000	906,400.00	2,586,400.00
June 1, 2026	1,765,000	822,400.00	2,587,400.00
June 1, 2027	1,855,000	734,150.00	2,589,150.00
June 1, 2028	1,945,000	641,400.00	2,586,400.00
June 1, 2029	2,035,000	551,650.00	2,586,650.00
June 1, 2030	2,135,000	449,900.00	2,584,900.00
June 1, 2031	2,205,000	383,181.26	2,588,181.26
June 1, 2032	2,270,000	314,275.00	2,584,275.00
June 1, 2033	2,345,000	240,500.00	2,585,500.00
June 1, 2034	2,465,000	123,250.00	2,588,250.00

Additional Obligations

Additional Obligations may be issued in any amount at any time and from time to time to provide for (i) the refunding of outstanding Obligations in whole or in part, (ii) refunding of certificates of participation or lease purchase obligations in other leases to the Corporation, (iii) the completion of any Project, or (iv) the financing of additional Projects. See "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE AND LEASES—INDENTURE—Additional Obligations" in APPENDIX C hereto.

AVAILABLE FUNDS

Available Funds under the 2003 Lease, the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease are defined as any and all monies of the Corporation 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 Corporation, 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, 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 Corporation retains the right to use Available Funds for the payment of other obligations of the Corporation and to use any or all Available Funds for other lawful corporate purposes of the Corporation. In particular, Available Funds may be used to pay costs of the facilities financed, financing expenses, amounts payable under any credit facility, and amounts payable (such as termination payments, etc.) under any derivative agreement.

The following table presents Available Funds balances (unaudited) as of the end of the fiscal year of the Corporation (June 30), for each of the past five years:

Available Funds [1, 2]
(dollars in thousands)

Fiscal Year Ended June 30	2010	2011	2012	2013	2014
Indiana University	$946,248	$1,146,834	$1,342,930	$1,397,686	$1,498,553
Indiana University Foundation	269,979	306,093	301,137	344,487	352,268
Available Funds [1, 2]	$1,216,227	$1,452,927	$1,644,067	$1,742,173	$1,850,821

Source: Audited IU Financial Report; Indiana University Foundation (unaudited)

1 Amounts include unrestricted net position of the Corporation as of June 30 of each year. Unrestricted net position was referred to as unrestricted net assets for fiscal years ended 2010 through 2012. Amounts also include certain quasi-endowment funds held by the Indiana University 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 The language used to define Available Funds varies slightly between the applicable documents for Lease Purchase Obligations (which also applies to Certificates of Participation) and Consolidated Revenue Bonds. However, the calculation for the balance of Available Funds that were reported as of June 30 of each fiscal year is the same, irrespective of the applicable documents.

See APPENDIX A: "INDIANA UNIVERSITY—Sources of Payment for Bonds."

INDIANA UNIVERSITY BUILDING CORPORATION

The Indiana University Building Corporation ("IUBC") was incorporated in 2008 as a non-profit corporation, separate and distinct from the University. The sole purpose of IUBC is to assist the Corporation in financing the construction of facilities by leasing such facilities to the Corporation.

PLAN OF FINANCE

The proceeds of the 2015A Obligations will be used to (i) pay all or a portion of the cost of the Assembly Hall Renovation Project, (ii) pay capitalized interest on the 2015A Obligations and (iii) pay the costs of issuing the 2015A Obligations.

Assembly Hall Renovation Project

The Assembly Hall Renovation Project focuses on improving the facility while preserving the current seat configuration and seating capacity. The south lobby will be restructured with a new entry, ticket windows, atrium, and escalators will replace ramps; existing restrooms and concessions stands will be renovated; new restrooms will be added; mechanical systems and other infrastructure systems will be updated; boxseat-style seating and an event space will be added above the south baseline bleachers; a large state-of-the-art video scoreboard will replace the current scoreboard. The building and related improvements to real estate owned by the Corporation are located in the Athletics' complex north of 17th Street on the Bloomington campus. The project cost is expected to be $35 million.

SOURCES AND USES OF FUNDS

The sources and uses of funds necessary to provide for the plan of finance, and the sale and delivery of the 2015A Obligations, are estimated as shown below.

Sources of Funds:	
Principal Amount of 2015A Obligations	$31,025,000
Net Original Issue Premium/Discount	4,286,544
University Contribution – Equity	2,157,832
Total Sources	$37,469,376
Uses of Funds:	
Assembly Hall Renovation Project Fund – Bond Proceeds	$32,842,168
Assembly Hall Renovation Project Fund – University Contribution (Equity)	2,157,832
Capitalized Interest	2,157,832
Underwriting Discount	139,341
Costs of Issuance	172,203
Total Uses	$37,469,376

OBLIGATION HOLDERS' RISKS

The purchase of the 2015A Obligations involves certain investment risks, some of which are described in this Official Statement. Accordingly, each prospective purchaser should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision. Certain of these risks are as follows:

Limited Obligations: Each 2015A Obligation represents an undivided proportionate interest in the rights to receive payments made by the Corporation under the 2015A Lease. The obligations of the Corporation to make such payments do not constitute indebtedness of the Corporation and are limited to Available Funds. Mandatory student fees (including all academic fees, however denominated, assessed against students) and appropriations from the State of Indiana are not Available Funds. See "AVAILABLE FUNDS."

Limited Nature of Leased Property: The leased property under the Leases includes certain facilities of the Corporation on the Bloomington and IUPUI campuses of Indiana University and related facilities. Due to the limited possible uses of the leased property, it is unlikely that the proceeds of any sale, lease or other disposition of the leased property by the Trustee upon an event of default under any of the Leases would be sufficient to pay principal of or interest on all or a substantial portion of the Obligations.

TAX MATTERS

In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the 2015A Obligations is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), for federal income tax purposes. This opinion relates only to the exclusion from gross income of interest on the 2015A Obligations for federal income tax purposes under Section 103 of the Code and is conditioned on continuing compliance by the Corporation with the Tax Covenants (hereinafter defined). Failure to comply with the Tax Covenants could cause interest on the 2015A Obligations to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue. In the opinion of Bond Counsel under existing laws, regulations, judicial decisions and rulings, interest on the 2015A Obligations is exempt from income taxation in the State of Indiana. This opinion relates only to the exemption of interest on the 2015A Obligations for the State of Indiana income tax purposes. See APPENDIX D for the form of opinion of Bond Counsel.

The Code imposes certain requirements which must be met subsequent to the issuance of the 2015A Obligations as a condition to the exclusion from gross income of interest on the 2015A Obligations for federal income tax purposes. The Corporation will covenant not to take any action, within its power and control, nor fail to take any action with respect to the 2015A Obligations that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the 2015A Obligations pursuant to Section 103 of the Code and will covenant to adopt and maintain appropriate procedures to accomplish such purpose (collectively, the "Tax Covenants"). The Tax Covenants are based solely on the laws and regulations in effect on the date of delivery of the 2015A Obligations. The Indenture and certain certificates and agreements to be delivered on the date of delivery of the 2015A Obligations establish procedures under which compliance with the requirements of the Code can be met. It is not an event of default under the Indenture if the interest on the 2015A Obligations is not excludable from gross income for federal income tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the issue date of the 2015A Obligations.

The interest on the 2015A Obligations is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, but is taken into account in determining adjusted current earnings in calculating corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The 2015A Obligations are *not* qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Code.

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general, includes all corporations which are transacting the business of a financial institution in Indiana. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code. Taxpayers should consult their own tax advisors regarding the impact of Indiana Code 6-5.5 on their ownership of the 2015A Obligations.

The issue price (the "Issue Price") for each maturity of the 2015A Obligations is the price at which a substantial amount of such maturity is first sold to the public. The Issue Price of each maturity of the 2015A Obligations may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

The accrual or receipt of interest on the 2015A Obligations may affect an owner's federal or state tax liability in other ways. The nature and extent of these other tax consequences will depend upon the owner's particular tax status and the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any other such tax consequences. The foregoing does not purport to be a comprehensive description of all of the tax consequences of owning the 2015A Obligations. Prospective purchasers of the 2015A Obligations should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the 2015A Obligations.

ORIGINAL ISSUE DISCOUNT

The initial public offering prices of the 2015A Obligations maturing on June 1, 2030, June 1, 2031 and June 1, 2032 (the "2015A Discount Obligations"), are less than the principal amounts payable at maturity, and as a result, the 2015A Discount Obligations will be considered to be issued with original issue discount. The difference between the initial public offering price of the 2015A Discount Obligations as set forth on the inside cover page of this Official Statement (assuming it is the first price at which a substantial amount of that maturity is sold) (the "Issue Price" for such maturity), and the amounts payable at maturity of the 2015A Discount Obligations will be treated as "original issue discount." A taxpayer who purchases a 2015A Discount Obligation in the initial public offering at the Issue Price for such maturity and who holds such 2015A Discount Obligation to maturity may treat the full amount of original issue discount as interest which is excludable from the gross income of the owner of that 2015A Discount Obligation for federal income tax purposes and will not, under present federal income tax law, realize taxable capital gain upon payment of the 2015A Discount Obligation at maturity.

The original issue discount on each of the 2015A Discount Obligations is treated as accruing daily over the term of such 2015A Discount Obligations on the basis of the yield to maturity determined on the basis of compounding at the end of each six month period (or shorter period from the date of the original issue) ending on June 1 and December 1 (with straight line interpolation between compounding dates).

Section 1288 of the Code provides, with respect to tax exempt obligations such as the 2015A Discount Obligations, that the amount of original issue discount accruing each period will be added to the owner's tax basis for the 2015A Discount Obligations. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the 2015A Discount Obligations (including sale, redemption or payment at maturity). Owners of the 2015A Discount Obligations who dispose of 2015A Discount Obligations prior to maturity should consult their tax advisors as to the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such 2015A Discount Obligations prior to maturity.

As described under "TAX MATTERS," the original issue discount that accrues in each year to an owner of a 2015A Discount Obligation may result in certain collateral federal income tax consequences. Owners of any 2015A Discount Obligations should be aware that the accrual of original issue discount in each year may result in a tax liability from these collateral tax consequences even though the owners of such 2015A Discount Obligations will not receive a corresponding cash payment until a later year.

Owners who purchase 2015A Discount Obligations in the initial public offering but at a price different from the Issue Price for such maturity should consult their own tax advisors with respect to the tax consequences of the ownership of the 2015A Discount Obligations.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of obligations such as the 2015A Discount Obligations. Owners who do not purchase 2015A Discount Obligations in the initial public offering should consult their own tax advisors with regard to the other tax consequences of owning the 2015A Discount Obligations.

Owners of 2015A Discount Obligations should consult their own tax advisors with respect to the state and local tax consequences of owning 2015A Discount Obligations. It is possible under the applicable provisions governing the determination of state and local income taxes that accrued interest on the 2015A Discount Obligations may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

OBLIGATION PREMIUM

The initial public offering price of the 2015A Obligations maturing on June 1, 2017 through and including June 1, 2029, June 1, 2033 and June 1, 2034 (the "2015A Premium Obligations") is greater than the principal amount payable at maturity. As a result, the 2015A Premium Obligations will be considered to be issued with amortizable premium (the "Obligation Premium"). An owner who acquires a 2015A Premium Obligation in the initial public offering will be required to adjust the owner's basis in the 2015A Premium Obligation downward as a result of the amortization of the Obligation Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax

basis will be used to determine taxable gain or loss upon the disposition of the 2015A Premium Obligations (including sale, redemption or payment at maturity). The amount of amortizable Obligation Premium will be computed on the basis of the taxpayer's yield to maturity, with compounding at the end of each accrual period. Rules for determining (i) the amount of amortizable Obligation Premium and (ii) the amount amortizable in a particular year are set forth at Section 171(b) of the Code. No income tax deduction for the amount of amortizable Obligation Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Obligation Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the 2015A Premium Obligations. Owners of 2015A Premium Obligations should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Obligation Premium upon the sale or other disposition of such 2015A Premium Obligations and with respect to the state and local tax consequences of owning and disposing of 2015A Premium Obligations.

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

RATINGS

Moody's Investors Service Inc. ("Moody's") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), have assigned to the 2015A Obligations the ratings of "Aaa" and "AA+," respectively. No application was made to any other rating service for the purpose of obtaining additional ratings on the 2015A Obligations. IUBC and the Corporation have furnished Moody's and S&P with certain information and materials relating to the 2015A Obligations which have not been included in this Official Statement.

Such ratings reflect only the views of such rating agencies. Each such rating and an explanation of its significance may be obtained from the rating agency furnishing such rating. Such ratings are not recommendations to buy or hold the 2015A Obligations and there is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by either such rating agency. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price or marketability of the 2015A Obligations.

UNDERWRITING

Under a Purchase Agreement among IUBC, the Trustee and the underwriters listed on the front cover page hereof (the "Underwriters"), the 2015A Obligations are being purchased at an aggregate discount of $139,340.50 from the initial public offering prices set forth on the inside cover page hereof. The Purchase Agreement provides that the Underwriters will purchase all of the 2015A Obligations if any are purchased.

The Underwriters may offer and sell the 2015A Obligations to certain dealers (including dealers depositing 2015A Obligations into unit investment trusts) and others at prices lower than the initial public offering prices stated on the inside cover page hereof. The initial offering prices may be changed from time to time by the Underwriters.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC., an underwriter of the 2015A Obligations, has entered into a retail distribution arrangement with Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2015A Obligations.

Loop Capital Markets has entered into distribution agreements (each a "Distribution Agreement") with each of UBS Financial Services Inc. ("UBSFS"), Deutsche Bank Securities Inc. ("DBS") and Credit Suisse Securities LLC ("CS") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Distribution Agreement (if applicable to this transaction), each of UBSFS, DBS and CS will purchase 2015A Obligations from Loop Capital Markets at the original issue prices less a negotiated portion of the selling concession applicable to any 2015A Obligations that such firm sells.

CONTINUING DISCLOSURE

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the "Rule"), the Corporation will enter into a Continuing Disclosure Supplement dated as of May 1, 2015, which will supplement the Corporation's Amended and Restated Continuing Disclosure Undertaking Agreement dated as of March 1, 2011, as previously supplemented (such Amended and Restated Continuing Disclosure Undertaking Agreement, as supplemented, the "Undertaking"). The Underwriters, by their agreement to purchase the 2015A Obligations, accept and assent to the Undertaking and the exchange of such purchase for the promises of the Corporation contained in the Undertaking, and assign all their rights under the Undertaking, as promisee, to the holders or beneficial owners of the 2015A Obligations. Any beneficial owner of any 2015A Obligation will, by its payment for and acceptance of such 2015A Obligation, be deemed to have accepted and assented to the Undertaking and the exchange of (i) such payment and acceptance for (ii) the promises of the Corporation contained therein.

Pursuant to the terms of the Undertaking, the Corporation will agree to provide the following information while any of the 2015A Obligations are outstanding:

(1) Audited Financial Statements. To the Municipal Securities Rulemaking Board (the "MSRB"), when and if available, the audited financial statements of the Corporation for each fiscal year of the Corporation, beginning with the fiscal year ending June 30, 2015, together with the auditor's report and all notes thereto.

(2) Financial Information in Official Statement. To the MSRB, within 180 days of the close of each fiscal year of the Corporation, beginning with the fiscal year ending June 30, 2015, annual financial information of the Corporation for such fiscal year, other than the audited financial statements described in (1) above, including (i) unaudited financial statements of the Corporation if audited financial statements are not available and (ii) operating data (excluding any demographic information or forecasts) of the general type included in APPENDIX A to this Official Statement (collectively, the "Annual Information").

(3) Event Notices. To the MSRB, notice of the occurrence of any of the following events with respect to the 2015A Obligations, in a timely manner within ten business days after the occurrence thereof:

(a) principal and interest payment delinquencies;

(b) non-payment related defaults, if material;

(c) unscheduled draws on debt service reserves reflecting financial difficulties;

(d) unscheduled draws on credit enhancements reflecting financial difficulties;

(e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2015A Obligations, or other material events affecting the tax status of the 2015A Obligations;

(g) modifications to the rights of owners of the 2015A Obligations, if material;

(h) 2015A Obligation calls, if material, and tender offers;

(i) defeasances;

(j) release, substitution or sale of property securing repayment of the 2015A Obligations, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the Corporation;

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

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(Determination of materiality will be made by the Corporation in accordance with the standards established by federal securities laws, as then in existence.)

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

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

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

Dissemination Agent

The Corporation may, at its sole discretion, utilize an agent in connection with the dissemination of any Annual Information or other information required to be provided by the Corporation pursuant to the terms of the Undertaking.

Remedy

The sole remedy against the Corporation for any failure to carry out any provision of the Undertaking will be to require specific performance of the Corporation's disclosure obligations under the Undertaking, without money damages of any kind or in any amount, or any other remedy. Any failure of the Corporation to honor its covenants under the Undertaking will not constitute a breach of or default under the 2015A Obligations, the Indenture or any other agreement to which the Corporation is a party.

In the event the Corporation fails to provide any information required to be provided by the Undertaking, any holder of 2015A Obligations may pursue the remedy set forth above in any court of competent jurisdiction in the State of Indiana. Any challenge to the adequacy of the information provided by the Corporation by the terms of the Undertaking may be pursued only by holders of not less than 25% in principal amount of 2015A Obligations then outstanding in any court of competent jurisdiction in the State of Indiana. An affidavit to the effect that such persons are holders of 2015A Obligations, supported by reasonable documentation of such claim, will be sufficient to evidence standing to pursue the remedy set forth above.

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

Prior to pursuing any remedy for any breach of any obligation under the Undertaking, a holder of 2015A Obligations must give notice to the Corporation, by registered or certified mail, of such breach and its intent to pursue such remedy. Fifteen days after the receipt of such notice, or upon earlier response from the Corporation to this notice indicating continuing noncompliance, such remedy may be pursued under the Undertaking if and to the extent the Corporation has failed to cure such breach.

Amendments

The Corporation may, from time to time, amend or modify the Undertaking, without the consent of or notice to the Underwriters or holders of the 2015A Obligations, if either: (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Corporation, or type of business conducted; (ii) the Undertaking, as so amended or modified, would have complied with the requirements of the Rule on the date of the Undertaking, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) such amendment or modification does not materially impair the interests of the holders of bonds or other obligations subject to the Undertaking, as determined either by (A) any person selected by the Corporation that is unaffiliated with the Corporation (including the trustee under the applicable indenture, or nationally recognized bond counsel) or (B) an approving vote of the holders of the requisite percentage of bonds or other obligations subject to the Undertaking at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds the Undertaking) is permitted by the Rule, as then in effect.

Prior Compliance

In order to assist the Underwriters in complying with the Underwriters' obligations pursuant to the Rule, the University represents that it has conducted what it believes to be a reasonable review of the University's compliance with its continuing disclosure obligations. Based upon such review, the University is not aware of any instances in the previous five years in which the University has failed to comply in any material respects with previous undertaking agreements.

CERTAIN LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the 2015A Obligations are subject to the approval of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel. The form of approving opinion of Bond Counsel with respect to the 2015A Obligations is attached hereto as APPENDIX D. Certain legal matters will be passed on for the Corporation by Jacqueline A. Simmons, Esq., Bloomington, Indiana, Vice President and General Counsel to the Corporation. Certain legal matters will be passed on for IUBC by Ice Miller LLP, Indianapolis, Indiana, as special counsel to IUBC. Certain legal matters will be passed upon for the Underwriters by Barnes & Thornburg LLP, Indianapolis, Indiana, counsel to the Underwriters.

LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES

The various legal opinions to be delivered concurrently with the delivery of the 2015A Obligations express the professional judgment, of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment of the transaction opined upon or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

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

The various legal opinions to be delivered concurrently with the delivery of the 2015A Obligations will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Indiana and the United States of America and bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). These exceptions would encompass any exercise of federal, state or local police powers in a manner consistent with the public health and welfare. Enforceability of the provisions of the 2015A Obligations in a situation where such enforcement may adversely affect public health and welfare may be subject to these police powers.

LITIGATION

There are no lawsuits pending or, to the best of the knowledge of appropriate Corporation and IUBC officials, threatened against the Corporation or IUBC which question their respective right to enter into the Financing Documents (as described below) or the validity or enforceability of the Financing Documents or to consummate the transactions described in the Financing Documents or in this Official Statement; nor are there any lawsuits pending or, to the best of the knowledge of such officials, are there any lawsuits threatened against the Corporation or IUBC which, if decided adversely to the Corporation or IUBC, would, individually or in the aggregate, impair the Corporation's and IUBC's ability to comply with all the requirements set forth in the Financing Documents or have a material adverse effect upon the financial condition of the Corporation or IUBC.

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

CERTAIN RELATIONSHIPS

Certain employees of City Securities Corporation, an underwriter of the 2015A Obligations, currently serve on the Indiana University Foundation Board.

MISCELLANEOUS

Copies of the form of each of the Prime Lease, the 2003 Lease, the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease, the 2015A Lease, the 2003 Assignment, the 2009 Assignment, the 2012 Assignment, the 2013A Assignment, the 2014A Assignment, the 2015A Assignment, the Indenture, the Addendum (as defined in APPENDIX C hereto), and the Undertaking (the Prime Lease, the 2003 Lease, the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease, the 2015A Lease, the 2003 Assignment, the 2009 Assignment, the 2012 Assignment, the 2013A Assignment, the 2014A Assignment, the 2015A Assignment, the Indenture, the Addendum and the Undertaking, collectively, the "Financing Documents") referred to in this Official Statement may be obtained, until the delivery of the 2015A Obligations, from the Underwriters upon request to: City Securities Corporation, 30 South Meridian Street, Suite 600, Indianapolis, Indiana 46204. After delivery of the 2015A Obligations, copies of such documents may be obtained from the Trustee upon request at: The Bank of New York Mellon Trust Company, N.A., Office of Corporate Trust Administration, 300 North Meridian Street, Suite 910, Indianapolis, Indiana 46204.

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The Board of Trustees of The Trustees of Indiana University and the Board of Directors of the Indiana University Building Corporation have authorized the distribution of this Official Statement.

Any statements in this Official Statement involving matters of opinion, projections or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any such statement will be realized. The agreements of IUBC and the Corporation are fully set forth in the Indenture and the Leases in accordance with the Act. Neither any advertisement of the 2015A Obligations nor this Official Statement is to be construed as constituting a contract or agreement between IUBC or the Corporation and the purchasers or owners of the 2015A Obligations.

THE TRUSTEES OF INDIANA UNIVERSITY

By: */s/ MaryFrances McCourt*
MaryFrances McCourt, Treasurer

INDIANA UNIVERSITY BUILDING CORPORATION

By: */s/ MaryFrances McCourt*
MaryFrances McCourt, President

APPENDIX A

INDIANA UNIVERSITY

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APPENDIX A

INDIANA UNIVERSITY

General

Indiana University (the "University" or "IU") is one of the largest universities in the nation. It was established by the Indiana General Assembly (the "General Assembly") in 1820 as Indiana Seminary and was located in Bloomington. It was designated as Indiana College by the General Assembly in 1828 and became Indiana University in 1838.

The University includes eight campuses, with core campuses in Bloomington and Indianapolis and regional campuses serving other areas of Indiana, which are located in Gary ("Northwest"), Fort Wayne (Indiana University Purdue University Fort Wayne) ("Fort Wayne" or "IPFW"), Kokomo, New Albany ("Southeast"), Richmond ("East"), and South Bend. The Bloomington campus is the oldest and largest campus of the University, occupying 1,929 acres, and is the primary residential campus. The Indiana University Purdue University at Indianapolis campus ("IUPUI") is the home of the Indiana University School of Medicine, the School of Dentistry, and the School of Nursing. The eight campuses of the University encompass a total of 3,664 acres. Indiana University and Purdue University ("Purdue") jointly offer academic programs at IUPUI and Fort Wayne. The University has fiscal responsibility for IUPUI, and Purdue has fiscal responsibility for Fort Wayne.

In August 2014, Policy Analytics, LLC presented the "IPFW Roles and Governance Report" to the Northeast Indiana Regional Partnership "to determine the most appropriate role for IPFW with the community and to analyze whether the current governance structures were the most educationally productive." One of the recommendations of the report was to shift fiscal oversight of the Fort Wayne campus to Indiana University. Purdue University and Indiana University have begun preliminary conversations to assess the recommendation.

Forward-looking Statements

Certain information contained in this document, including in particular, that titled "Student Enrollment," "Fees - Student Budget," "Operating Budget and Related Procedures," "State Appropriations to the University," and "Capital Program" 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 economic conditions including economic conditions of the state of Indiana (the "State"). Additionally, certain information contained in this document titled "Financial Operations of the University," "Retirement Plans," "Postemployment Benefits," "Termination Benefits," "Required Supplementary Information," and "Physical Plant - Capital Assets, Net" are from current and/or prior audited IU financial reports; the "Indiana University Foundation - Indiana University Foundation Financial Summary" (the "Foundation") is either from its current and/or prior audited financial reports or 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.

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Academic Colleges, Schools & Divisions of the University

The University divides the academic year into two academic semesters and an additional summer session varying in length by campus. 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.

The major areas and fields of study at the University's campuses are organized into specific schools, colleges and divisions as shown.

University Schools, Colleges and Divisions

Bloomington
College of Arts and Sciences
Henry Radford Hope School of Fine Arts
Hutton Honors College
Jacobs School of Music
Kelley School of Business
Maurer School of Law
School of Education
School of Global and International Studies
School of Informatics and Computing
School of Nursing
School of Optometry
School of Public and Environmental Affairs
School of Public Health
School of Social Work
The Media School
University Division
University Graduate School

IUPUI
Graduate School
Herron School of Art and Design
Honors College
IUPU-Columbus
Kelley School of Business
Lilly Family School of Philanthropy
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 Rehabilitation Sciences
School of Informatics and Computing
School of Liberal Arts
School of Medicine
School of Nursing
School of Physical Education and Tourism Management
School of Public and Environmental Affairs
School of Science (Purdue)
School of Social Work
University College

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
Purdue College of Technology

Kokomo
Division of Allied Health Sciences
School of Business
School of Education
School of Humanities and Social Sciences
School of Nursing
School of Sciences
Purdue College of Technology

Northwest
College of Arts and Sciences
College of Health and Human Services
- School of Nursing
- School of Public and Environmental Affairs
- School of Social Work

School of Business and Economics
School of Education

South Bend
Vera Z. Dwyer College of Health Sciences
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 Social Work
Purdue College of Technology

Southeast
School of Arts and Letters
School of Business
School of Education
School of Natural Sciences
School of Nursing
School of Social Sciences
Purdue College of Technology

Authorized Degree Programs and Degrees Conferred

For the 2014-15 academic year, 805 Indiana University degree programs, including some offered through on-line education, were authorized and implemented on the University's campuses, excluding the Fort Wayne campus. Four-year programs leading to baccalaureate degrees constitute the largest single category, accounting for 379 programs. Advanced degrees (doctoral and professional) and master's degrees account for 364 programs. Associate degrees account for 62 programs. Purdue University programs authorized and implemented on the IUPUI campus resulting in Indiana University degrees account for 54 programs, which are reported in the totals above.

The University's total headcount enrollment for the fall semester of 2014 was 114,370, including IU students at the Purdue administered Fort Wayne campus, or 106,212 IU students at campuses administered by the University. During the academic year ended June 30, 2014, the University awarded a total of 20,563 degrees consisting of 13,929 bachelor's degrees, 4,694 master's degrees, 1,533 professional and doctoral degrees, and 407 associate degrees, including Purdue University degrees of 1,329 conferred on IU campuses.

Accreditations and Memberships

The University is fully accredited in all of its departments and divisions by the Higher Learning Commission of the North Central Association of Colleges and Schools. Each professional school holds full accreditation from its respective professional association. The University is a member of the American Council of Education and 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

Randall L. Tobias Chair	Eli Lilly and Company, CEO (retired); AT&T International, Chairman and CEO (former); first U.S. Global AIDS Coordinator (former); first Director of U.S. Foreign Assistance and Administrator of the U.S. Agency for International Development (USAID) (former)
MaryEllen Kiley Bishop Vice Chair	Cohen, Garelick and Glazier, Attorney/Partner
Philip N. Eskew, Jr.	St. Vincent Hospital, Director, Physician and Patient Relations, (Retired); IU School of Medicine, Clinical Professor, Obstetrics & Gynecology (Emeritus Faculty)
Janice L. Farlow	M.D.-Ph.D. candidate at the IU School of Medicine
Michael J. Mirro	Physician, Parkview Physicians Group, Physician, Clinical Professor, and Researcher (Cardiology/Cardiac Electrophysiology); Midwest Alliance for Health Education, Co-director; Parkview Research Center, Medical Director

Andrew F. Mohr	Andy Mohr Automotive Group, President and CEO
James T. Morris	Pacers Sports and Entertainment, President; United Nations World Food Programme, Executive Director (former); Indianapolis Water Company, CEO (former)
Derica W. Rice	Eli Lilly and Company, Executive Vice President for Global Services and Chief Financial Officer
Patrick A. Shoulders	Ziemer, Stayman, Weitzel & Shoulders, Attorney/Partner

Board of Trustees Officers

Randall L. Tobias	Chair of the Trustees
MaryEllen Kiley Bishop	Vice Chair of the Trustees
MaryFrances McCourt	Treasurer of the Trustees
Donald S. Lukes	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 provided 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 the major officers of the University.

Michael A. McRobbie	President
John S. Applegate	Executive Vice President for University Academic Affairs
Charles R. Bantz	Executive Vice President and Chancellor, IUPUI, effective through August 15, 2015
G. Frederick Glass	Vice President and Director of Intercollegiate Athletics
Jay L. Hess	Vice President for University Clinical Affairs
Jorge V. José	Vice President for Research, effective through July 31, 2015
MaryFrances McCourt	Senior Vice President, Chief Financial Officer, and Treasurer
Thomas A. Morrison	Vice President for Capital Planning and Facilities
Lauren K. Robel	Executive Vice President and Provost, Indiana University Bloomington
Michael M. Sample	Vice President for Public Affairs and Government Relations
Jacqueline A. Simmons	Vice President and General Counsel
William B. Stephan	Vice President for Engagement

Bradley C. Wheeler	Vice President for Information Technology and Chief Information Officer
James C. Wimbush	Vice President for Diversity, Equity, and Multicultural Affairs
David Zaret	Vice President for International Affairs
Terry L. Allison	Chancellor of Indiana University South Bend
Vicky L. Carwein	Chancellor of Indiana University-Purdue University Fort Wayne
Kathryn Cruz-Uribe	Chancellor of Indiana University East
William J. Lowe	Chancellor of Indiana University Northwest
Susan Sciame-Giesecke	Chancellor of Indiana University Kokomo
Ray Wallace	Chancellor of Indiana University Southeast

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 took office as the 18th President of the University on July 1, 2007. From the beginning of his tenure as President, McRobbie has focused on the University's fundamental missions of excellence in research and teaching to be achieved through a great faculty, responsive and relevant education, an enhanced global presence, expanded infrastructure, a rededication to the arts and humanities, and new economic development and engagement initiatives. McRobbie joined the University in 1997 as Vice President for Information Technology and Chief Information Officer. He assumed the additional position of Vice President for Research in 2003. He was named Interim Provost and Vice President for Academic Affairs of the Bloomington campus in 2006. McRobbie holds professorships in computer science, informatics, and philosophy, and adjunct professorships in cognitive science and information science. A member of many national and international industrial, governmental, and scientific boards and committees, 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. A native of Australia who became a U.S. citizen in 2010, he earned a Bachelor of Arts degree from the University of Queensland and a Doctoral degree at the Australian National University. He has also received honorary degrees from the Australian National University, Griffith University in Australia, the University of Queensland, the South East European University in Macedonia, and Sungkyunkwan University in Seoul, South Korea. In 2012, McRobbie became the first sitting IU President to be elected a member of the American Academy of Arts and Sciences. Additionally, McRobbie has been elected an honorary member of the Australian Academy of Humanities and appointed as an Officer in the General Division of the Order of Australia, one of that nation's highest honors.

MARYFRANCES MCCOURT – MaryFrances McCourt was named Senior Vice President, CFO and Treasurer of the University in August 2014, after having been named Vice President, CFO and Treasurer in August 2013 and serving in this capacity on an interim basis since January 2013. She joined the University as Treasurer of the University and Treasurer of the Trustees in October 2005. McCourt is responsible for the management of Capital Finance; Investments; Controller's Office; Procurement; Treasury Operations; University Budget; University Bursar; University Human Resources; Insurance and Loss Control; Financial Literacy, and Healthy IU. Her work at the University has been characterized by streamlined business processes; enabling technology; increased governance; and the delivery of sophisticated financial analysis/forecasting tools, which have allowed the University to adapt its business model, while maintaining a position of financial strength. Before joining the staff of Indiana University, McCourt was Assistant Treasurer for a multi-billion dollar distributor and premier reseller of enterprise computer technology solutions, headquartered in Cleveland, Ohio. She has held various positions in strategic planning; financial analysis and treasury management with a particular focus on operational efficiency; business planning (including acquisitions, divestitures and new business modeling); customer, vendor and product

line profitability analyses; and balance sheet management. McCourt graduated with a B.A., magna cum laude, in Economics from Duke University and an M.B.A. from Case Western Reserve University.

Facilities

Square Footage As of fall 2013, there are 882 buildings on the campuses administered by the University and Fort Wayne, encompassing 36.2 million gross square feet, of which approximately 22.0 million square feet are assignable to operating units.

Libraries The University's library system serves all campuses with separate collections as well as interlibrary loan programs. As of June 30, 2014, the library system holdings included 13.4 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 houses the University's collections of rare books and manuscripts. Its holdings number more than 400,000 books, over 7,500,000 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, IUPU Columbus, IU East, IU Kokomo, 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 Software; Networks; and Clinical Affairs Information Technology 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 As of fall 2013, the University, excluding the Fort Wayne campus, had approximately 1.3 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 Facilities All undergraduate first-year students on the Bloomington campus are required to live in on-campus housing facilities, which include residence halls, on-campus apartments, and fraternity and sorority houses. As of fall 2014, the Bloomington campus provided residence hall housing for 11,122 students and apartment housing for 1,482 students. Occupancy in Bloomington campus residence halls and apartment housing was 98% for both. On the Bloomington campus, as of fall 2014, approximately 6,464 undergraduate students participated in Greek life in 41 fraternities and 32 sororities, with 21 fraternities and 19 sororities providing on-campus housing. As of fall 2014, the residence facilities on the IUPUI campus provided living quarters for 1,696 students, through a combination of apartment style housing, traditional co-ed residence halls, and townhouse units. Living quarters for approximately 700 additional students on the IUPUI campus have been approved and are anticipated to be constructed and available in fall 2016 or 2017. As of fall 2014, occupancy in IUPUI campus housing was 100%. As of fall 2014, the South Bend campus provided living quarters for approximately 399 students with housing occupancy at 92%. The Southeast campus provided living quarters for approximately 400 students with housing occupancy at 100%. Other regional campuses for which the University has fiscal responsibilities have no student residence facilities.

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 nineteen garages on four campuses and at various surface lots on all University campuses.

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; athletic facilities and Bradford Woods – a 2,500 acre outdoor educational facility and nature preserve.

Faculty and Staff

The University's full-time academic administrators, faculty and lecturers consisted of 5,504 persons (academic staff who are tenure/tenure track faculty, and non-tenure track faculty and executive/administrators with faculty status) as of the fall semester of 2014. The percentage of faculty at the University's Bloomington and IUPUI campuses who had tenure are 74% and 66%, respectively, as of the fall semester of 2014. 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 2014, 89% 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 83% at the other campuses.

Indiana University recognizes four employee unions, which include: the International Alliance of Theatrical Stage Employees (IATESE) 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, Northwest, IUPUI, Southeast, and South Bend 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 five of the seven administered campuses. 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 of Indiana, 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.

Student Admissions

The University attracts students from a variety of backgrounds and geographic locations, with representation from 49 states, Washington D.C., and 169 foreign countries. As of fall 2014. Indiana residents represented 74% of the total enrollment, while 26% were from other states, Washington D.C., or foreign countries.

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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, excluding the Fort Wayne campus.

Applications and Enrollments Excluding Fort Wayne [1]

Academic Year	Applications Received	Applicants Accepted	Percent Accepted	Percent of Accepted Enrolled
2010-11 [2]	57,438	39,438	68.7%	35.0%
2011-12	53,772	38,576	71.7	36.8
2012-13	55,091	39,855	72.3	36.3
2013-14	58,669	41,988	71.6	35.9
2014-15 [3]	58,204	43,299	74.4	35.2

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] The number of applications and the lower acceptance rate for academic year 2010-11 was based on the Indiana Commission for Higher Education requiring a free application week for Indiana public higher education institutions. Many high schools had students submit applications, who would not have otherwise done so.

[3] Applications shown for the University were affected by applications for IU Bloomington ("IUB"), which typically represent over 60% of total applications. The change in IUB applications from academic year 2013-14 to academic year 2014-15 reflected a higher admit rate for beginner undergraduates, which was based on a declining number of high school graduates, higher admissions requirements, and an increase in the quality of the applicant pool under consideration. Although the applicant pool was smaller for IUB, the mean SAT/converted ACT scores for applicants was up seven points from the preceding year and the median high school grade point average of 3.73 in 2014 was a new record high. IUB began requiring an essay in 2013 for application and a substantial number of less-qualified applicants may be self-selecting out of the applicant pool. With a larger group of qualified applicants, IUB enrolled its largest beginner cohort ever in fall 2014.

In the 2014-15 academic year, 95% of Bloomington campus beginning students ranked in the upper 50% of their high school class. During the same period, 69% of beginning students ranked in the upper 25% of their high school class, and 33% of beginning students ranked in the top 10%.

The following table shows the average composite score on the Scholastic Aptitude Test ("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:

Average SAT Scores

Academic Year	Indiana University	National
2010-11	1067	1017
2011-12	1068	1011
2012-13	1071	1010
2013-14	1070	1010
2014-15	1068	1010

Source: University Institutional Research and Reporting

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Student Enrollment

Headcount enrollments for Bloomington, IUPUI and regional campuses of the University for the fall semester are shown in the following table. The Fort Wayne campus enrollment numbers indicate the students in Indiana University academic programs on that campus.

Total Actual Headcount Enrollment by Campus Including Fort Wayne

Fall Semester	Bloomington	IUPUI	Regionals Excl. Fort Wayne	Enrollment IU Campuses	Fort Wayne	Total Enrollment
2010	42,464	30,566	28,211	101,241	8,204	109,445
2011	42,731	30,530	28,719	101,980	8,456	110,436
2012	42,133	30,451	29,483	102,067	8,326	110,393
2013 [1]	46,817	30,488	29,827	107,132	8,280	115,412
2014	46,416	30,690	29,106	106,212	8,158	114,370

Source: University Institutional Research and Reporting

[1] From fall 2013 forward, high school students who are taking college equivalent courses through the Advanced College Program ("ACP") are reported within the headcount, Full-Time Equivalent ("FTE"), credit hours, and enrollment projections. The increase in fall 2013 enrollment for Total, IU campuses, and Bloomington for headcount is partially due to the inclusion of ACP students on the Bloomington campus, which had previously not been included, accounting for a fall 2013 headcount enrollment increase of 4,466 versus fall 2012. IUPUI and regional campuses have counted these types of students in their enrollments for the entire period presented.

Projected headcount enrollments for Bloomington, IUPUI and the regional campuses of the University, excluding Fort Wayne, for the fall semesters are as shown in the following table. The University no longer projects enrollments for the Fort Wayne campus, which is administered by Purdue University.

Projected Headcount Enrollment by Campus Excluding Fort Wayne [1]

Fall Semester	Bloomington	IUPUI	Regionals Excl. Fort Wayne	Enrollment IU Campuses
2015	47,185	31,318	29,057	107,560
2016	47,092	32,478	28,653	108,223
2017	46,888	32,945	28,243	108,076
2018	46,886	33,379	28,430	108,695

Source: University Institutional Research and Reporting

[1] The projections presented in this table were prepared based on the Fall 2014 Enrollment Study. No representation can be made as to the ability of the University to achieve these projections. Enrollment projections include ACP students on the Bloomington campus.

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

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Undergraduate and Graduate Headcount Enrollment, Full-Time Equivalent Enrollment and Total Annual Credit Hours Taken Excluding Fort Wayne

Fall Semester	Undergraduate	Graduate & Professional	Enrollment IU Campuses	Full-Time Equivalent	Fiscal Year Credit Hours [1]
Actual					
2010	80,356	20,885	101,241	81,842	2,552,669
2011	81,187	20,793	101,980	82,230	2,548,801
2012	81,974	20,093	102,067	81,728	2,528,810
2013 [2]	87,142	19,990	107,132	83,792	2,578,686
2014	86,321	19,891	106,212	84,368	2,582,000 [3]
Projected [3]					
2015	87,785	19,775	107,560	86,159	2,582,000
2016	88,346	19,877	108,223	86,084	2,582,000
2017	88,227	19,849	108,076	86,497	2,582,000
2018	88,851	19,844	108,695	86,942	2,582,000

Source: University Institutional Research and Reporting

[1] From fall 2011 forward, the Total Annual Credit Hours Taken shown are for an academic calendar that groups the main semesters (fall and spring) with a trailing summer session. Prior years' numbers include the fall semester noted, the Summer II session that precedes it, and the spring semester and Summer I session of the subsequent year.

[2] The increase in fall 2013 headcount, FTE, credit hours, and enrollment projections is partially due to the inclusion of ACP students on the Bloomington campus, which had previously not been included. Fall 2013 headcount enrollment increased by 4,466 versus fall 2012 and FTE enrollment increased by approximately 1,300. IUPUI and regional campuses have counted these types of students in their enrollments for the entire period presented.

[3] The projections presented in this table were prepared based on the Fall 2014 Enrollment Study. No representation can be made as to the ability of the University to achieve these projections.

Fees

The University operates its programs on a two semester and summer session basis. 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. See "Mandatory Fees". 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.

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Regular Instructional Fee Rates The Trustees approve tuition and fee rates. The following two tables indicate tuition and fees for undergraduate and graduate & professional students by academic year. On the Bloomington campus, undergraduate students taking between 12 and 18 hours are assessed a flat instructional fee. The graduate student amounts shown reflect the majority of graduate students not in professional programs. Graduate students are assessed fees on a credit-hour basis, except students in the MBA, Law (J.D.) and Optometry (O.D.) programs, which pay higher flat fees than shown. On campuses other than Bloomington, fee rates are assessed on a credit-hour basis, except for professional students in Medicine, Dentistry, and Law, which pay higher flat fees than shown. Amounts for "Tuition & Fees" are for full-time students for the fall and spring semester combined, including mandatory fees, which are also shown separately in the section that directly follows. See "Mandatory Fees".

Undergraduate Students Tuition and Fees [1]

Academic Year	2010-11	2011-12	2012-13	2013-14	2014-15
Bloomington					
Resident Tuition & Fees	$9,028	$9,523	$10,033	$10,209	$10,388
Non-Resident Tuition & Fees	27,689	29,540	31,483	32,350	33,241
Resident Per Credit Hour	254	263	273	279	284
Non-Resident Per Credit Hour	837	889	944	971	998
IUPUI					
Resident Tuition & Fees	7,885	8,243	8,605	8,756	8,909
Non-Resident Tuition & Fees	24,428	26,606	29,062	29,571	30,088
Resident Per Credit Hour	242	248	254	258	263
Non-Resident Per Credit Hour	793	860	936	952	969
East					
Resident Tuition & Fees	6,069	6,281	6,496	6,639	6,787
Non-Resident Tuition & Fees	16,305	16,865	17,425	17,778	18,081
Resident Per Credit Hour	189	194	199	202	207
Non-Resident Per Credit Hour	530	547	563	573	583
Kokomo					
Resident Tuition & Fees	6,108	6,323	6,542	6,674	6,810
Non-Resident Tuition & Fees	15,374	16,430	17,486	17,778	18,081
Resident Per Credit Hour	189	193	198	203	207
Non-Resident Per Credit Hour	498	530	563	573	583
Northwest					
Resident Tuition & Fees	6,193	6,408	6,627	6,738	6,853
Non-Resident Tuition & Fees	16,381	16,929	17,477	17,778	18,081
Resident Per Credit Hour	192	197	201	205	209
Non-Resident Per Credit Hour	531	547	563	573	583
South Bend					
Resident Tuition & Fees	6,290	6,507	6,728	6,815	6,905
Non-Resident Tuition & Fees	16,617	17,050	17,483	17,778	18,081
Resident Per Credit Hour	195	200	205	208	210
Non-Resident Per Credit Hour	539	551	563	573	583
Southeast					
Resident Tuition & Fees	6,163	6,365	6,575	6,699	6,827
Non-Resident Tuition & Fees	15,428	16,466	17,509	17,778	18,081
Resident Per Credit Hour	189	194	199	204	208
Non-Resident Per Credit Hour	498	531	563	573	583

Source: University Institutional Research and Reporting

[1] Where "& Fees" are shown, the figures include Mandatory Fees. See "Mandatory Fees".

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Graduate & Professional Students Tuition and Fees [1,2]

Academic Year	2010-11	2011-12	2012-13	2013-14	2014-15
Bloomington					
Resident Tuition & Fees	$7,911	$8,519	$9,009	$9,248	$9,497
Non-Resident Tuition & Fees	21,311	22,739	23,795	25,153	26,595
Resident Per Credit Hour	292	310	322	332	342
Non-Resident Per Credit Hour	850	902	938	994	1,054
IUPUI					
Resident Tuition & Fees	7,427	8,078	8,619	8,795	8,976
Non-Resident Tuition & Fees	21,088	22,696	23,967	23,991	24,015
Resident Per Credit Hour	283	303	318	325	331
Non-Resident Per Credit Hour	852	912	958	958	958
East					
Resident Tuition & Fees	5,797	6,176	6,554	6,732	6,857
Non-Resident Tuition & Fees	14,115	14,418	14,721	15,061	15,353
Resident Per Credit Hour	225	238	251	256	261
Non-Resident Per Credit Hour	572	581	591	603	615
Kokomo					
Resident Tuition & Fees	5,836	6,226	6,615	6,732	6,857
Non-Resident Tuition & Fees	12,894	13,838	14,781	15,061	15,353
Resident Per Credit Hour	225	238	251	256	261
Non-Resident Per Credit Hour	519	555	591	603	615
Northwest					
Resident Tuition & Fees	6,120	6,363	6,606	6,732	6,857
Non-Resident Tuition & Fees	13,654	14,213	14,772	15,061	15,353
Resident Per Credit Hour	237	244	251	256	261
Non-Resident Per Credit Hour	551	571	591	603	615
South Bend					
Resident Tuition & Fees	5,974	6,293	6,612	6,732	6,857
Non-Resident Tuition & Fees	14,051	14,414	14,779	15,061	15,353
Resident Per Credit Hour	230	241	251	256	261
Non-Resident Per Credit Hour	567	579	591	603	615
Southeast					
Resident Tuition & Fees	6,059	6,346	6,638	6,732	6,857
Non-Resident Tuition & Fees	13,115	13,957	14,804	15,061	15,353
Resident Per Credit Hour	232	241	251	256	261
Non-Resident Per Credit Hour	526	559	591	603	615

Source: University Institutional Research and Reporting

[1] Where "& Fees" are shown, the figures include Mandatory Fees. See "Mandatory Fees".

[2] Through academic year 2012-13, the regional campuses had varying amounts as shown, which became standardized in academic year 2013-14.

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Mandatory Fees The following table indicates the mandatory fees for undergraduate and for graduate and professional students attending the University for the academic years indicated. Undergraduate, graduate, and professional students are assessed at the same rate unless otherwise noted.

Mandatory Fees

Academic Year	2010-11	2011-12	2012-13	2013-14	2014-15
Bloomington Student Activity, Technology and Other Campus Service Fees [1]	$904	$911	$923	$930	$941
Bloomington Repair & Rehabilitation ("R&R") Fees	0	180	360	360	360
IUPUI Student Activity, Technology and Other Campus Service Fees [1, 2]	630	646	662	686	711
IUPUI R&R	0	160	320	320	320
Regional Campus Student Activity and Technology Fees [3]	393-491	402-491	412-496	469	471
Regional Campus R&R[3]	0	60	120	120	120

Source: University Institutional Research and Reporting

[1] Amounts shown are for full-time students at Bloomington and IUPUI. Rates for part-time students are based on credit hours taken. Bloomington's fees include health and transportation. IUPUI's fees are billed as a general fee.

[2] IUPUI Professional programs in Medicine & Dentistry pay additional mandatory fees not shown.

[3] Students at regional campuses pay mandatory fees which may be on a credit hour basis. Amounts shown are for full-time students at regional campuses administered by the University. Through academic year 2012-13, the regional campuses had varying amounts as shown, which became standardized in academic year 2013-14.

Student Budget The following student budget is being used by the University's Bloomington Office of Student Financial Assistance and represents an estimate of standard per-student costs for undergraduate first-year students at the Bloomington campus for the academic year shown.

Estimated Student Budget for the 2014-15 Academic Year for an Undergraduate First-Year Student

Cost of Attendance	Resident	Non-Resident
Instructional Fees	$9,087	$31,940
Mandatory Fees	1,301	1,301
Tuition and Fees Subtotal	$10,388	$33,241
Room/Board [1]	9,493	9,493
Books/Supplies	1,500	1,500
Miscellaneous	2,106	2,106
Transportation	930	930
Other Costs Subtotal	$14,029	$14,029
Estimated Budget Total	$24,417	$47,270

Source: University Institutional Research and Reporting

[1] 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.

Student Fee Revenues 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.

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Student Fee Revenues [1]
(dollars in thousands)

Fiscal Year Ended June 30	2010	2011	2012	2013	2014
Student Fees Per Student Fee Bonds Indenture	$1,088,373	$1,145,260	$1,210,085	$1,255,936	$1,303,046
Student Fees Per Financial Report					
Gross Student Fees	$1,088,373	$1,145,260	$1,210,085	$1,255,936	$1,303,046
Less Scholarship Allowance	(170,091)	(189,079)	(198,207)	(211,509)	(223,516)
Student Fees Net of Scholarship Allowance [2]	$ 918,282	$ 956,181	$1,011,878	$1,044,427	$1,079,530

Source: Audited IU Financial Report

[1] The 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".

Student Financial Aid

Excluding the Fort Wayne campus, approximately 69% of the students at the University receive financial aid that is processed through the University. This is based on students who are enrolled at census or received a degree in the 12-month period between September 1, 2013 and August 30, 2014. The census date is the date at which enrollments are reported, since this typically reflects the end of the first week of classes and/or the end of the drop/add period for course registrations to allow for full refunds. A substantial portion of the funds provided are derived from sources outside the University, including federal, 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 currently apply. The table summarizes the financial aid, including parent loans, provided to IU students, for each of the last five fiscal years shown below.

Student Financial Aid [1, 2]
(dollars in thousands)

Academic Year	2010	2011	2012	2013	2014
Gifts and Grants	$ 442,993	$ 487,494	$ 498,748	$ 519,019	$ 548,653
Loans	624,888	650,105	652,010	620,989	579,682
Work Study	5,516	5,764	4,929	4,431	4,447
Total Financial Assistance	$1,073,397	$1,143,363	$1,155,687	$1,144,439	$1,132,782

Source: University Institutional Research and Reporting

[1] Student Financial Aid shown summarizes the aid given to students enrolled during a fiscal year. For fiscal years ended 2010 through 2011, this includes semesters/sessions summer I, fall semester, spring, and summer II. For fiscal year 2012 forward, student aid is based on fall and spring semesters, and a trailing summer session.

[2] Excludes Fort Wayne campus

Financial Operations of the University

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, 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.

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 [1]
(dollars in thousands)

Fiscal Year Ended June 30	2010	2011	2012	2013	2014
Operating revenues					
Student fees	$1,088,373	$1,145,260	$1,210,085	$1,255,936	$1,303,046
Less scholarship allowance	(170,091)	(189,079)	(198,207)	(211,509)	(223,516)
Federal grants and contracts	318,646	344,642	325,208	306,524	290,301
State and local grants and contracts	23,830	17,074	21,881	20,502	19,962
Nongovernmental grants and contracts	102,839	103,439	101,957	139,802	146,211
Sales and services of educational units	64,475	60,869	62,975	61,724	65,374
Other revenue	181,640	190,661	227,540	220,912	222,871
Auxiliary enterprises [2]	323,571	330,550	314,479	352,845	370,992
Total operating revenues	**1,933,283**	**2,003,416**	**2,065,918**	**2,146,736**	**2,195,241**
Operating expenses					
Compensation and benefits	1,684,964	1,731,042	1,744,609	1,781,973	1,850,432
Student financial aid	150,779	165,299	163,565	159,240	152,532
Energy and utilities	64,031	68,534	71,561	70,504	77,361
Travel	36,930	40,219	47,449	47,245	48,840
Supplies and general expense	430,712	443,499	478,461	521,813	564,623
Depreciation and amortization expense	125,715	130,538	133,482	140,766	145,158
Total operating expenses	**2,493,131**	**2,579,131**	**2,639,127**	**2,721,541**	**2,838,946**
Total operating loss	**(559,848)**	**(575,715)**	**(573,209)**	**(574,805)**	**(643,705)**
Nonoperating revenues (expenses)					
State appropriations	549,755	549,917	515,421	509,598	519,417
Grants, contracts, and other	99,613	120,035	116,257	115,250	112,795
Investment income	103,265	89,644	74,637	47,668	95,560
Gifts	78,049	104,814	105,235	100,259	108,305
Interest expense	(32,401)	(33,155)	(31,100)	(30,730)	(36,547)
Net nonoperating revenues	**798,281**	**831,255**	**780,450**	**742,045**	**799,530**
Income before other revenues, expenses, gains, or losses	**238,433**	**255,540**	**207,241**	**167,240**	**155,825**
Capital appropriations	3,005	11,984	14,157	–	25,876
Capital gifts and grants	17,323	14,565	19,775	21,062	19,102
Additions to permanent endowments	545	45	500	1,022	387
Total other revenues	**20,873**	**26,594**	**34,432**	**22,084**	**45,365**
Increase in net position	**259,306**	**282,134**	**241,673**	**189,324**	**201,190**
Net position, beginning of year	2,417,561	2,676,867	2,959,001	3,200,674	3,389,998
Net position, end of year	**$2,676,867**	**$2,959,001**	**$3,200,674**	**$3,389,998**	**$3,591,188**

Source: Audited IU Financial Report

[1] Referred to as Statement of Revenues, Expenses and Changes in Net Assets for fiscal years ended 2010 through 2012

[2] Net of scholarship allowance of $18,750; $21,151; $22,411; $24,391; and $27,612 (in thousands) for fiscal years ended 2010 through and including 2014, respectively

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 departments. 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 takes 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, 2015. Total budgeted revenues and expenditures for campuses for which the University has fiscal responsibility are shown.

Operating Budget for Unrestricted, Restricted and Auxiliary Enterprise Funds [1, 2]
(dollars in thousands)

Revenues by Category	**2015**
Student Fees	$1,253,176
State Appropriation	521,700
Grants and Contracts	418,900
Sales and Services	93,997
Auxiliary Enterprises	400,503
Designated and Other Restricted	249,716
Investment	10,816
Gifts	4,771
Other	195,326
Total	$3,148,905
Expenditures by Fund Group [3]	
General	$2,079,786
Designated and Other Restricted	249,716
Subtotal	$2,329,502
Grants and Contracts [4]	418,900
Auxiliary Enterprises	400,503
Total	$3,148,905
General and Other Restricted Expenditures by Function	
Instruction	$1,060,176
Research and Public Service	47,590
Academic and Student Support	528,648
Physical Plant	233,965
Student Financial Aid	324,112
Institutional Support	135,011
Total	$2,329,502

Source: University Budget Office
[1] Excludes Fort Wayne campus
[2] Excludes capital projects, investment income not specifically budgeted as general fund support, most gifts, and scholarship allowance
[3] Net of internal transfers
[4] Includes research, service and instruction expenditures

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State Appropriations to the University

The University has historically received, and continues to expect to receive, appropriations from the General Assembly. Annual 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 40 plus years of making Fee Replacement appropriations, the State has never failed to fully fund 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.

In the 2013-15 biennium, total State operating and restricted special appropriations to the University increased by 3.9 percent or $18,178,674 per fiscal year, and general maintenance, repair and rehabilitation appropriations also increased. Pursuant to a directive from the Governor on December 9, 2013, the general operating and certain restricted special appropriations to the University were reduced in fiscal year 2014 by $9,599,650 or 2.0 percent. Pursuant to a directive from the Governor on June 18, 2014, the unrestricted general operating and certain restricted special appropriations to the University will be reduced in fiscal year 2015 by $9,599,650 or 2.0 percent.

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 appropriation, restricted special appropriations, the Fee Replacement appropriations, and the general maintenance, repair and rehabilitation and capital appropriations.

State Appropriations
(dollars in thousands)

Fiscal Year Ended June 30	2011	2012	2013	2014	2015 (est.)
As Appropriated					
Unrestricted General Operating & Restricted Special	$504,332	$463,932	$463,932	$482,110	$482,110
Fee Replacement [1]	70,852	51,638	48,296	46,857	52,910
General Maintenance, R&R and Capital [2]	12,601	0	0	25,876	53,036
Total Appropriated	$587,785	$515,570	$512,228	$554,843	$588,056
As Received					
Unrestricted General Operating & Restricted Special [3]	$472,334	$463,932	$463,932	$472,511	$472,511
Fee Replacement [1]	72,553	51,441	45,666	46,857	46,712
General Maintenance, R&R and Capital [2]	7,638	24,356	0	25,876	28,036
Total Received/Anticipated to be Received	$552,525	$539,729	$509,598	$545,244	$547,259

Source: Office of the Treasurer; University Budget Office

[1] The variances in "As Appropriated" and "As Received" for Fee Replacement shown reflect issuance and refunding activity; all fee replacement appropriations for issued student fee bonds were received.

[2] For fiscal year 2015, $26,036,298 in R&R has been received from the State for full 2013-15 biennial R&R appropriations. A one-time capital appropriation of $2,000,000 for the 2013-15 biennium is included in the fiscal year 2015 amount, of which $757,742 has been received. A one-time capital appropriation of $25,000,000 for the 2013-15 biennium is no longer included in the fiscal year 2015 amount as it is not anticipated to be received in fiscal year 2015.

[3] The Unrestricted General Operating & Restricted Special "As Received" shown for fiscal year 2014 reflects the actual reduction of $9,599,650 or 2.0%. The Unrestricted General Operating & Restricted Special "As Received" shown for fiscal year 2015 reflects an estimated reduction of $9,599,650 or 2.0%.

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. As of June 30, 2014, the assets of the Foundation and the assets of the University managed by the Foundation had a market value of approximately $2,596,504,000, the majority of which consisted of funds restricted for University purposes. Distributions from endowment earnings received by the University in fiscal year 2014 totaled approximately $72.0 million, which represented approximately 2.50% of estimated total University revenues during fiscal year 2014.

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
(dollars in thousands)

Fiscal Year Ended June 30	Assets [1]	Net Assets	Total Revenue and Support [2]	University Unrestricted Program Expenditures [3]
2010	$1,767,561	$1,486,267	$352,992	$145,704
2011	2,054,875	1,741,608	379,646	102,174
2012	2,105,534	1,730,081	128,517	107,057
2013	2,277,566	1,903,286	309,273	105,726
2014	2,596,504	2,165,174	433,845	140,665

Source: Indiana University Foundation - The Foundation financial statements as of June 30, 2014 may be obtained at: http://iufoundation.iu.edu/about/financial.html.

[1] 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 $168,220,929; $207,860,506; $208,809,374; $224,896,799; and $265,276,627 for the fiscal years shown, respectively. Additional information with respect to University endowment funds is contained within the Endowments section below. See "Endowments".

[2] Primary sources of revenue and support are contributions and investment income.

[3] These University related program expenditures primarily support grants and aid to the University and endowment and capital additions for the University.

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.

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

Private Contributions to the Indiana University Foundation [1]

Fiscal Year Ended June 30	Number of Donors	Receipts (dollars in thousands)
2010	123,652	$166,806
2011	123,016	146,886
2012	117,813	154,035
2013	120,703	153,538
2014	119,892	158,143

Source: Indiana University Foundation

[1] Lilly Endowment, Inc. has provided $32,165,000 in contributions through the Foundation for University support and faculty research during the fiscal years shown.

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

Endowments and Quasi-Endowments [1]
(dollars in thousands)

Fiscal Year Ended June 30	Fair Value
2010	$172,592
2011	207,594
2012	206,712
2013	218,036
2014	254,779 [2]

Source: Office of the Treasurer (unaudited)

[1] In addition to funds currently held by the Foundation, these figures included other University endowments and quasi-endowments, with real estate valued at fair value.

[2] The fair value as of December 31, 2014 was $251,817,297 (unaudited).

Physical Plant

As of June 30, 2014, the various campuses of the University covered a total of 3,664 acres. As of fall 2013, there are 882 buildings on the campuses administered by the University and Fort Wayne, encompassing 36.2 million gross square feet, of which 22.0 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 11.9 million square feet; auxiliary enterprise services are assigned 10.0 million square feet. The following table sets forth the University's net capital assets, for each of the fiscal years shown.

Capital Assets, Net [1]
(dollars in thousands)

Fiscal Year Ended June 30	Capital Assets, Net [1]
2010	$2,316,762
2011	2,422,233
2012	2,533,362
2013	2,695,502
2014	2,729,895

Source: Audited IU Financial Report
[1] Net of accumulated depreciation

Capital Program

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.

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 summarizes the capital projects that are currently included in the University's near-term financing plan. The University retains the right to change the projects and/or amounts considered within its capital program without notice.

Planned Capital Projects
(dollars in thousands)

Fiscal Year Ending June 30	Bond/Obligation Type	Project Name	Campus	Financing Amount
2015	Lease Purchase Obligations [1]	Assembly Hall Renovation [2,3]	Bloomington	$35,000
2016	Student Fee Bonds [4]	Satellite Utility Plant [5]	Bloomington	$13,000
2016	Consolidated Revenue Bonds [1]	Wells Quad Residence Hall [5]	Bloomington	30,000
			FY 2016 Total	$43,000

Source: Office of the Treasurer
[1] Payable from certain legally available funds of the University
[2] Project has received all requisite State approvals.
[3] To be financed with Lease Purchase Obligations Series 2015A, subject to market conditions
[4] Secured by a pledge of student fees.
[5] These projects have not yet received all requisite State approvals. The timing of the borrowing for these projects is uncertain.

The University has used its tax-exempt commercial paper ("TECP") programs to provide interim financing for certain capital projects and may do so in the future. As of April 1, 2015, no TECP is outstanding.

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, student housing facilities, student union

buildings, athletic facilities, and parking facilities on all campuses and research facilities on the Bloomington and IUPUI campuses.

The University has never failed to pay punctually, and in full, all amounts due for principal of and interest on any indebtedness. All principal outstanding as of April 1, 2015 was fixed-rate debt, with no associated swaps. A summary of the total outstanding bonded indebtedness (unaudited) as of April 1, 2015 follows.

Facilities Indebtedness as of April 1, 2015 [1]
(dollars in thousands)

Type of Issuance	Original Principal	Principal Outstanding
Student Fee Bonds [2]	$ 798,430	$431,652 [3]
Consolidated Revenue Bonds [4]	588,225	442,660
Obligations [4,5]	85,730	81,350
Total	$1,472,385	$955,662

Source: Office of the Treasurer

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

[2] Secured by a pledge of Student Fees

[3] This number was net of the accreted value of outstanding capital appreciation bonds ("CABs"). Subsequent to the most recent debt service payment as of February 1, 2015, the principal amount outstanding as of April 1, 2015 for Student Fee Bonds, including the accreted value of the CABs through February 1, 2015, was $439,887,746.

[4] Payable from certain legally available funds of the University

[5] Includes Lease Purchase Obligations and Certificates of Participation

Sources of Payment for Bonds

Available Funds; Exclusions; Balances

Lease Purchase Obligations and Certificates of Participation Available Funds 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 or 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 costs of the facilities financed, financing expenses, amounts payable under any credit facility, and amounts payable (such as termination payments, etc.) under any derivative agreement.

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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 represent the balances from which the University's Certificates of Participation, commercial paper (if any), Consolidated Revenue Bonds, and Lease Purchase Obligations are payable.

Available Funds [1, 2]
(dollars in thousands)

Fiscal Year Ended June 30	2010	2011	2012	2013	2014
Indiana University	$946,248	$1,146,834	$1,342,930	$1,397,686	$1,498,553
Indiana University Foundation	269,979	306,093	301,137	344,487	352,268
Available Funds [1, 2]	$1,216,227	$1,452,927	$1,644,067	$1,742,173	$1,850,821

Sources: Audited IU Financial Report; Indiana University Foundation (unaudited)

[1] Amounts included unrestricted net position of the University as of June 30 of each year. Unrestricted net position was referred to as unrestricted net assets for fiscal years ended 2010 through 2012. 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] The language used to define Available Funds varies slightly between the applicable documents for Lease Purchase Obligations (which also applies to Certificates of Participation) and Consolidated Revenue Bonds. However, the calculation for the balance of Available Funds that were reported as of June 30 of each fiscal year is the same, irrespective of the applicable documents.

All the sections that follow are taken from the accompanying notes to the Indiana University Financial Report 2013-14 with the same titles.

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 $250,000 for each claim and $750,000 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 additional $1,000,000 coverage through commercial insurances.

The University has four health care plans for full-time appointed employees, one of which is also available to retirees not 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 15% of the paid self-funded claims during the fiscal year, and totals $25,969,000 and $25,133,000 at June 30, 2014 and 2013, respectively. In addition, a potential claims fluctuation liability of $9,876,000 has been recorded at June 30, 2014 and 2013.

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 international students, graduate assistants, fellowship recipients and medical residents. These plans consist of fully insured and self-funded plans, along with a stop/loss

provision. The University has recorded a liability for incurred but unpaid claims for University-sponsored, self-funded health care plans in the amount of $2,614,000 at June 30, 2014. Funding for the medical residents plan is provided by direct charge to the School of Medicine and the other plans are funded by direct charges to the associated schools and/or departments.

Retirement Plans

The University provided retirement plan coverage to 18,691 and 18,494 active employees, as of June 30, 2014 and June 30, 2013, 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% FTE appointment and Temporary with Retirement employees scheduled to work at least 1,000 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) with two distinct contribution provisions. The University contributed $621,000 during fiscal year ended June 30, 2014, to TIAA-CREF for the plan. The University contributed $132,000 during fiscal year ended June 30, 2014, to Fidelity Investments for the plan. Under this plan, 719 employees directed University contributions to TIAA-CREF as of June 30, 2014. In addition, 130 directed University contributions to Fidelity Investments as of June 30, 2014.

TIAA-CREF issues an annual financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. This report may be obtained by writing the Teachers Insurance and Annuity Association/College Retirement Equities Fund, 8500 Andrew Carnegie Blvd, Charlotte, NC 28262, by calling 1-800-842-2252, or by reviewing the annual report online at www.tiaa-cref.org/public/about/governance/corporate/annual-reports.

Fidelity Investments issues an annual financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. This report may be obtained by writing Fidelity Investments, 82 Devonshire Street, Boston, MA 02109, or by calling 1-800-343-0860.

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 multiple-employer public employee retirement plans, which provide retirement benefits to plan members and beneficiaries. Support, technical and service employees with at least a 50% FTE appointment hired prior to July 1, 2013, participate in the PERF plan. There were 5,238 and 6,267 active University employees covered by this retirement plan as of June 30, 2014 and June 30, 2013, respectively. State statutes authorize the University to contribute to the plan and govern most requirements of the system. The PERF retirement benefit consists of the pension and an annuity savings account, both of which are funded by employer contributions. The annuity savings account consists of contributions set by State statute at three percent of compensation plus the earnings credited to members' accounts. The University has elected to make the contributions on behalf of the members. PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. This report may be obtained by writing the Public Employees Retirement Fund, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 1-888-526-1687, or reviewing the Annual Report online at www.in.gov/inprs/annual reports.htm.

Contributions made by the University totaled $28,077,000 and $25,785,000 for fiscal years ended June 30, 2014 and June 30, 2013, respectively. This represented a 11.2% and 9.7% University pension benefit contribution for fiscal years ended June 30, 2014 and June 30, 2013, respectively, and a 3% University contribution for the annuity savings account provisions each year.

PERF Funding Policy and Annual Pension Cost The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The University's annual pension cost and related information, as provided by the actuary, is presented below.

The employer contributions required by the funding policy at actuarial determined rates are sufficient to fund the pension benefits when they become due. The amortization method and period are level dollar closed over

30 years. The actuarial cost method is entry age normal cost. The employer required contribution is determined using an asset smoothing method. The actuarial valuation date is June 30, 2013.

Actuarial assumptions include: (a) an investment rate of return of 6.75%, (b) projected salary increases of 3.25%-4.5%, and (c) a 1% cost of living increase granted in each future year, applying to current and future retirees.

PERF Funding and Annual Pension Cost
(dollars in thousands)

Fiscal Year Ended June 30	2012	2013 [1]
Annual Required Contribution	$ 22,735	$ 19,567
Interest on Net Pension Obligation	246	571
Adjustment to Annual Required Contribution	(284)	(665)
Annual Pension Cost	22,697	19,473
Contributions Made	(17,757)	(19,896)
Increase (Decrease) in Net Pension Obligation	4,940	(423)
Net Pension Obligation, Beginning of Year	3,522	8,462
Net Pension Obligation, End of Year	$ 8,462	$ 8,039

Source: Audited IU Financial Report
[1] Actuarial data for 2014 was not available at the time of the financial report.

Annual Pension Cost Contributed and Net Pension Obligation
(dollars in thousands)

Fiscal Year Ended June 30	Annual Pension Cost (APC) [1]	Percentage of APC Contributed	Net Pension Obligation
2011	$21,893	68%	$3,522
2012	22,697	78%	8,462
2013	19,473	102%	8,039

Source: Audited IU Financial Report
[1] Does not reflect costs attributable to the University's 3.0% defined contribution benefit. See "Indiana Public Employees' Retirement Fund" above.

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) with four contribution levels. The University contributed $60,129,000 during fiscal year ended June 30, 2014 and $61,118,000 during fiscal year ended June 30, 2013, to TIAA-CREF for the IU Retirement Plan. The University contributed $31,042,000 during fiscal year ended June 30, 2014, and $28,669,000 during fiscal year ended June 30, 2013, to Fidelity Investments for the IU Retirement Plan. Under this plan, 7,569 and 7,743 employees directed University contributions to TIAA-CREF as of June 30, 2014 and June 30, 2013, respectively. In addition, 5,791 and 5,185 employees directed University contributions to Fidelity Investments as of June 30, 2014 and June 30, 2013, respectively.

In addition to the above, the University provides early retirement benefits to appointed academic and professional staff employees Grade 16 and above on or before June 30, 1999. There were 1,011 and 1,057 active employees on June 30, 2014 and June 30, 2013, respectively, covered by the IU Supplemental Early Retirement Plan ("IUSERP"); a defined contribution plan in compliance with IRC 401(a), with participant accounts at TIAA-CREF and Fidelity Investments. The University contributed $2,045,000 and $2,553,000 to IUSERP during fiscal years ended June 30, 2014 and June 30, 2013, 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 18/20 Retirement Plan, a combination of IRC Section 457(f) and Section 403(b) provisions. 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. During the fiscal year ended June 30, 2014, the University made total payments of $31,039,000 to 348 individuals receiving IU 18/20 Retirement Plan payments. During the fiscal year ended June 30, 2013, the University made total payments of $32,027,000 to 361 individuals receiving IU 18/20 Retirement Plan payments.

TIAA-CREF issues an annual financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. This report may be obtained by writing the Teachers Insurance and Annuity Association/College Retirement Equities Fund, 8500 Andrew Carnegie Blvd, Charlotte, NC 28262, by calling 1-800-842-2252, or by reviewing the annual report online at www.tiaa-cref.org/public/about/governance/corporate/annual-reports.

Fidelity Investments issues an annual financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. This report may be obtained by writing Fidelity Investments, 82 Devonshire Street, Boston, MA 02109, or by calling 1-800-343-0860.

IU Replacement Retirement Plan Funding Policy and Annual Pension Cost The University has established an early retirement plan for eligible employees to accommodate IRS requirements and as authorized by the Trustees of Indiana University. This plan is called the IU Replacement Retirement Plan. It is a single-employer plan and is qualified under IRC Section 401(a), with normal benefits payable for the participant's lifetime. Trust and recordkeeping activities are outsourced to the TIAA-CREF Trust Company. As of June 30, 2014 and June 30, 2013, 87 and 95 employees, respectively, were eligible to participate. University contributions related to this plan totaled $1,130,000 and $1,611,000, for fiscal years ended June 30, 2014 and June 30, 2013, respectively, with no employee contributions. These amounts represent 100% of the funding policy contribution.

The following schedule shows the funding policy contributions for the fiscal years indicated for the IU Replacement Retirement Plan as provided by the actuarial valuation report prepared as of July 1, 2013, for the fiscal year ended June 30, 2014, prepared as of July 1, 2012, for the fiscal year ended June 30, 2013, and prepared as of July 1, 2011 for the fiscal year ended June 30, 2012:

IU Replacement Retirement Plan Funding Contributions
(dollars in thousands)

Fiscal Year Ended June 30	2012	2013	2014
Cost of benefits earned during the year	$ 811	$ 796	$ 691
Amortization of unfunded actuarial accrued	664	716	370
Interest	96	98	69
Funding policy contribution	$1,571	$1,610	$1,130

Source: Audited IU Financial Report

The funded status of the IU Replacement Retirement Plan as provided by the actuarial valuation reports for fiscal years ended June 30, 2012, 2013, and 2014 are as follows:

IU Replacement Retirement Plan Funded Status
(dollars in thousands)

Actuarial Valuation Date	July 1, 2011	July 1, 2012	July 1, 2013
Actuarial accrued liability ("AAL")	$ 23,034	$ 23,818	$ 21,438
Actuarial value of plan assets	(14,558)	(14,838)	(16,896)
Unfunded actuarial liability	8,476	8,980	4,542
Actuarial value of assets as a % of AAL (funded ratio)	63.2%	62.3%	78.8%
Annual covered payroll	$ 8,679	$ 8,445	$ 8,411
Ratio of unfunded actuarial liability to annual covered payroll	97.7%	106.3%	54.0%

Source: Audited IU Financial Report

Actuarial assumptions include a 6.5% asset rate of return and future salary increases of 3% for the fiscal year ended June 30, 2014 and June 30, 2013. Liabilities are based on the projected unit credit method. The actuarial value of assets is equal to the fair value on the valuation date adjusted for employer contributions receivable. Actuarial assumptions of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events including future employment and mortality, and are based on the substantive plan provisions.

Additional multiyear trend information regarding the funding progress of the IU Replacement Retirement Plan is provided immediately following the notes to the financial statements.

TIAA-CREF issues an annual financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. This report may be obtained by writing the Teachers Insurance and Annuity Association/College Retirement Equities Fund, 8500 Andrew Carnegie Blvd, Charlotte, NC 28262, by calling 1-800-842-2252, or by reviewing the annual report online at www.tiaa-cref.org/public/about/governance/corporate/annual-reports.

Postemployment Benefits

Plan Description The University provides certain postemployment benefits for 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. 45, *Accounting and Financial Reporting by Employers 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: 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. The University provides medical care coverage to individuals with University 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 University 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 are benefits related to an early retirement incentive plan, approved by executive management in fiscal year 2011 and 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 $2,503,000 and $2,018,000 in premiums in the fiscal years ended June 30, 2014 and 2013, respectively. The University contributed $51,780,000 and $51,608,000 to the consolidated OPEB Plan in fiscal years ended June 30, 2014 and 2013, respectively.

Annual OPEB Cost and Net OPEB Obligation The University's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of twenty-five years.

The following table shows the University's annual OPEB cost for the year, the amount actually contributed to the plan, and the University's net OPEB obligation as provided by the actuarial results for the fiscal years ended June 30, 2014 and 2013, respectively:

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Annual Other Postemployment Benefit Plans Cost
(dollars in thousands)

Fiscal Year Ended June 30	2013	2014
ARC/Annual OPEB cost	$ 54,714	$ 55,623
Less Employer contribution	(51,608)	(51,780)
Increase in OPEB obligation	3,106	3,843
Net OPEB obligation, beginning of year	22,758	25,864
Net OPEB obligation, end of year	$ 25,864	$ 29,707
Percentage of annual OPEB cost contributed	94.32%	93.09%

Source: Audited IU Financial Report

Funded Status and Funding Progress The funding progress of the plan as of the most recent and preceding valuation date are as follows:

Other Postemployment Benefit Plans Funded Status and Funding Progress
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b) – (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
July 1, 2012	–	$390,227	$390,227	0.0%	$1,013,726	38.5%
July 1, 2013	–	364,137	364,137	0.0%	1,042,446	34.9%

Source: Audited IU Financial Report

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the University are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, represents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. See "Required Supplementary Information".

Actuarial Methods and Assumptions Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the University and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the University and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The projected unit credit cost method was used in the June 30, 2014, actuarial valuation. The actuarial assumptions include a 4.5% investment rate of return, which is a blended rate of (1) the expected long-term investment returns on plan assets and (2) the University's investments which are calculated based on the funded level of the Plan at June 30, 2014; and an annual healthcare cost trend rate that ranges from 9.0% in fiscal year 2015 to 5.0% in fiscal year 2023. The rate includes a 3% inflation assumption. The Unfunded Actuarial Accrued Liability is being amortized over 25 years using level dollar amounts on an open group basis.

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Termination Benefits

In fiscal year 2014, the University offered certain employees an Early Retirement Incentive Plan ("ERIP"). The ERIP provided three benefits not normally provided to separating employees: (a) a lump sum income replacement payment; (b) five years of annual contributions to a health reimbursement account (HRA) account that reimburses employees, based on their current medical plan enrollment, for some healthcare expenses, such as premiums, deductibles, and copays; (c) the option to continue in an IU-sponsored medical plan until age 65. Employees with IU Retiree Status could opt to participate in a post-65 Medicare supplement medical plan. The opting employees would need to pay their respective full premium amounts to receive this benefit.

Depending on the eligibility criteria of the participating employees, the early retirement became effective from one of two dates, as shown in the table below:

Retirement Date	Number of ERIP Participants
December 31, 2013	108
May 31, 2014	212
Total	320

Source: Audited IU Financial Report

In fiscal year 2014, the University recognized the expense for the income replacement payments for all employees participating in the ERIP. The actuarial accrued liability associated with Other Post-Employment Benefits was increased by $6,134,000 for health reimbursement account contributions.

Required Supplementary Information

Schedule of Funding Progress for IU Replacement Retirement Plan
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) – (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
July 1, 2011	$14,558	$23,034	$8,476	63.2%	$8,679	97.7%
July 1, 2012	14,838	23,818	8,980	62.3%	8,445	106.3%
July 1, 2013	16,896	21,438	4,542	78.8%	8,411	54.0%

Schedule of Funding Progress for Other Postemployment Benefit Plans
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) – (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
July 1, 2011	--	$414,985	$414,985	0.0%	$ 984,200	42.2%
July 1, 2012	–	390,227	390,227	0.0%	1,013,726	38.5%
July 1, 2013	–	364,137	364,137	0.0%	1,042,446	34.9%

Schedule of Funding Progress for Public Employees' Retirement Fund
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) – (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
June 30, 2011	$214,453	$379,812	$165,359	56.5%	$215,496	76.7%
June 30, 2012	175,411	370,470	195,059	47.3%	211,519	92.2%
June 30, 2013	129,927	251,660	121,733	51.6%	201,139	60.5%

Source: Audited IU Financial Report

APPENDIX B

FINANCIAL REPORT

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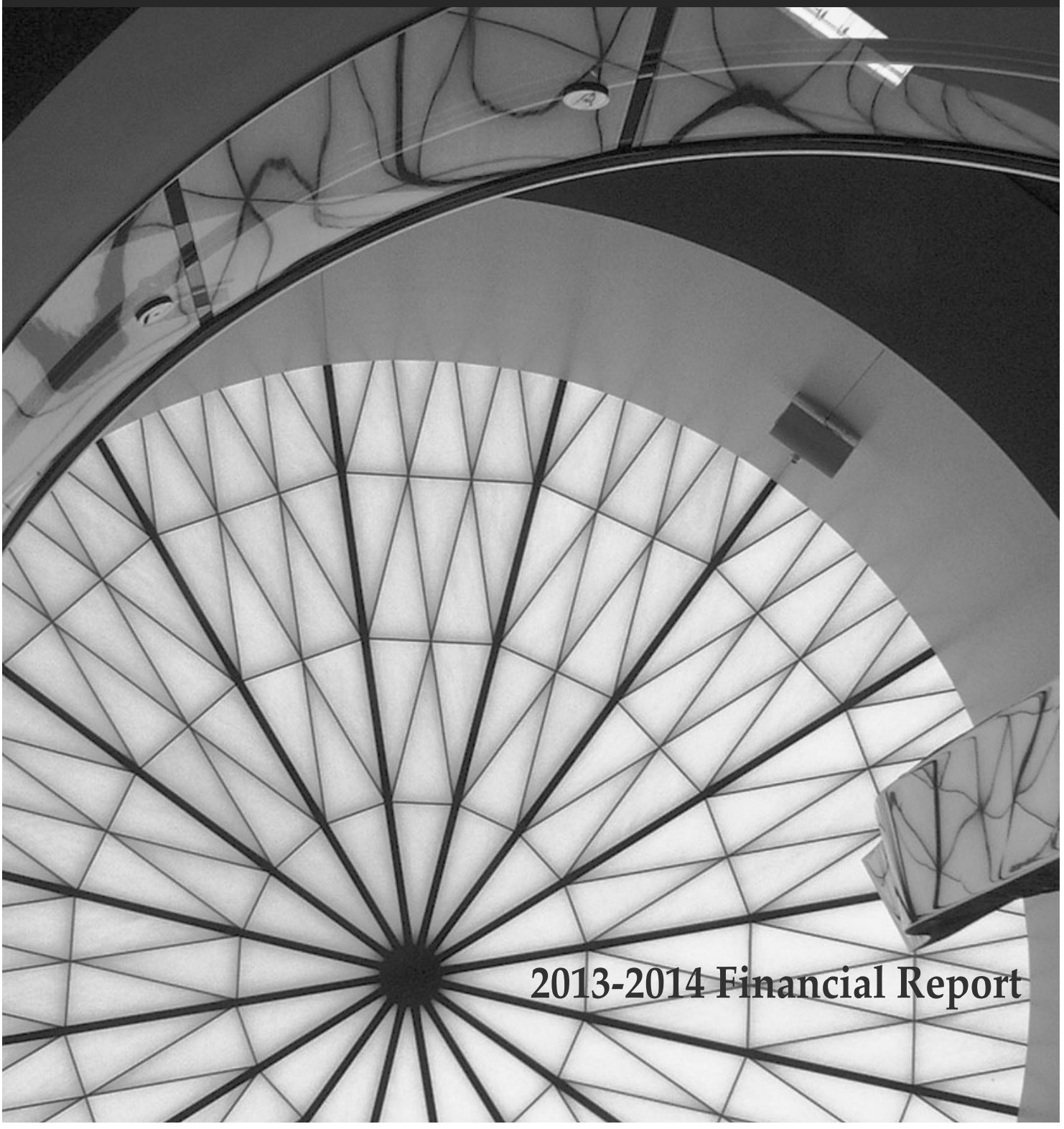
INDIANA UNIVERSITY



2013-2014 Financial Report

Financial Report 2013–14

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Message from the President

Michael A. McRobbie
President, Indiana University

The Honorable
Michael R. Pence
Governor, State of Indiana
State House, Room 206
200 West Washington Street
Indianapolis, IN 46204

Dear Governor Pence:

On behalf of the Trustees of Indiana University, I am pleased to present to you IU's 2013-14 Financial Report.

A number of recent studies from well-respected researchers have consistently shown that a college degree has never been more valuable to students. Consider these studies from 2014 alone:

- The Pew Research Center found that the wage gap between the college educated and those without a degree is higher for the 'millennial' generation than for any previous generation. The study finds that college graduates have lower unemployment and poverty rates, and higher job satisfaction.
- MIT economist David Autor, in a study published in the journal *Science*, found that the cost of *not* graduating from college is in the range of $500,000, given the higher pay and employment prospects from a degree.

It is clear that—perhaps more than ever before in our history—the future of our state and nation in a global, digital, information economy depends on the quality of our higher education.

Enhancing Our Commitment to Student Success

For almost two centuries Indiana University has been educating Hoosiers, and students from across the nation and around the world, at the highest levels of quality. For all of the many things a premier research university like IU does, students are its reason for being, and student success is at the core of its mission.

Great public universities like Indiana University educate students for what lies beyond the horizon. As the world around us changes, and as new avenues for better understanding the world and contributing to its improvement arise, what we teach and the manner in which we teach it must also evolve.

The *New Academic Directions Report* of 2011, a major effort to scrutinize and renew IU's educational programs, led to the establishment in Bloomington of:

- the School of Public Health,
- the School of Informatics and Computing,
- the School of Global and International Studies,

and

- the Media School,

while the Indianapolis campus has seen the establishment of:

- the Lilly Family School of Philanthropy

and

- the Fairbanks School of Public Health.

This process of self-examination and renewal must be ongoing. Indiana University will continue to conduct systematic reviews of our existing programs and realign schools and programs as necessary to leverage the university's strengths, to ensure that what we are teaching is relevant, and to respond to the needs of our students and the needs of the state.

But it is also imperative that we ensure that students are able to afford to pursue and complete degrees.

We have had great success in this regard through five key strategies that comprise our Affordable IU initiative. These strategies include:

- Keeping tuition increases as low as possible. IU's most recent tuition increases have been at the lowest levels in nearly 40 years.
- Providing extensive financial aid for qualified students. IU has doubled institutional gift aid to students over the last seven years.
- Ensuring that comprehensive measures are in place to assist all students in graduating on time. Our Finish in Four program effectively freezes tuition for juniors and seniors on track to graduate in four years.
- Providing programs in financial literacy aimed at managing and reducing student loan debt. IU's Money Smarts programs reduced student debt across all IU campuses by $31 million in just one year.

and

- Implementing strategies to reduce other costs of attendance at IU. Costs of textbooks and software have been significantly reduced, and residence hall rate increases have been kept low.

IU will build upon these efforts to ensure that an Indiana University education is accessible and affordable for qualified students from diverse socio-economic backgrounds, including first-generation college students, veterans, and students from under-represented minorities.

Near-Record Enrollments

Despite changing demographics that have led to declining student populations at many universities, especially in the Midwest, enrollment at Indiana University continues to remain strong.

This fall, we enrolled a total 114,382 students across the state. This continued strong enrollment—which includes record student populations on our Indianapolis, IU East, and IU Kokomo campuses—along with the record 1.3 million credit hours that IU students are taking this fall as well as the extremely impressive profile of our incoming freshman class, are testament to IU's reputation as an affordable world-class educational institution.

Nevertheless, we cannot rest on these laurels. In all the areas mentioned above and more, we must continue to redouble our efforts to ensure the continued value and affordability of an IU education.

Catalyzing Research

Indiana University is a national leader in research, a long-standing member of the select Association of American Universities, and the home of scholars of outstanding international recognition.

The benefits to all the people of Indiana from having a great research university in the state are profound. Research universities spur economic growth, generate new industries, and educate and train a world-class workforce.

Our outstanding faculty members continue to successfully compete with top researchers across the nation and around the world for research funding that is becoming increasingly scarce.

IU's academic leadership and faculty will continue to work together to identify the grand challenges to which IU can contribute most effectively, and to provide support to multi-disciplinary and multi-campus research teams to address those challenges.

Fulfilling the Promise of the Global University

Today, increased international integration and global inter-connectivity are among the major forces driving and shaping our contemporary society. Understanding and responding to these forces is of paramount concern to all of us.

By any measure, Indiana University is one of America's leading international universities, and we continue to increase our international engagement. IU Bloomington now ranks fifth in the country in the overall number of students studying abroad. Study and service abroad are essential components of a 21st Century education meant to prepare students to live and work in a flat world. IU Bloomington also ranks 10th nationally in the number of international students enrolled.

Recognizing that global literacy and collaboration have never been more important to higher education in the United States, we inaugurated the School of Global and International Studies last year. The school now provides Hoosier students with deep knowledge and sophisticated tools to understand, critically evaluate, and ethically participate in this complex and interconnected world. The school also provides the nexus for many of our international engagement efforts.

The School of Global and International Studies brings together IU's extraordinary resources and strengths in global and international studies, including:

- more than 70 foreign languages taught, (more than any other university);
- 11 international area studies programs that receive funding through the U.S. Department of Education's Title VI Program (again, more than any other university);
- a great breadth and depth of international research and scholarship;

and

- a high level and wide variety of international engagement.

Indiana University has a long history of international institutional engagement, in the form of exchanges and partnerships with peer institutions around the globe. We now have over 200 such partnerships, and they can be found on every continent and in nearly every part of the world. Such relationships are vitally important to our research and education missions. They support faculty research, provide venues for study abroad programs, and are of great advantage in our faculty and student recruitment efforts.

We will also continue to expand IU's Global Gateway Network. In 2014, we officially dedicated the Indiana University China Office in Beijing and the IU India Office in New Delhi. These offices support a variety of activities, including scholarly research and teaching, study abroad programs, distance learning initiatives, student recruitment activities, executive and corporate training, and alumni events. We are also exploring the possibilities of opening such offices in the Middle East, Europe, Latin America, Africa, and South East Asia.

Health Sciences Research and Education to Improve the State and Nation's Health

The educational, research, and clinical activities of Indiana University's health science and clinical schools—which include the IU schools of medicine, nursing, dentistry, optometry, social work, public health, and health and rehabilitation sciences—are one of the major ways in which IU contributes to the social and economic development of the state of Indiana.

IU has also launched a major effort to address our state's poor performance among all states in measures of the leading causes of illness and death as well as measures of the determinants of health through the establishment of the Fairbanks School of Public Health on the IUPUI campus, and the School of Public Health at IU Bloomington. These two schools are now helping to improve public health by conducting research of the highest quality and by educating the next generation of public health professionals.

IU's impact is amplified even further by its close partnership with Indiana University Health, the state's most comprehensive healthcare system. This partnership allows research at the School of Medicine to be translated into new and improved treatments, procedures, and cures within IU Health hospitals and facilities. In turn, the revenues generated from the provision of such advanced health services and access to state-of-the-art treatments and facilities are invested in further research and training.

The IU School of Medicine, and a number of IU's other clinical schools will continue to build research capacity in selected areas of the health sciences, with emphasis on population health management, cancer, cardiovascular disease, and the neurosciences. And the IU School of Medicine will lead a statewide expansion of primary care residencies to help address the shortage of primary care physicians in the state.

The Bicentennial Strategic Plan for Indiana University

On January 20, 2020, we will celebrate Indiana University's bicentennial—an event of the greatest importance in the life of any institution. IU will be older than most universities in the United States and most universities in the rest of the world outside of Europe. The academic year in which the bicentennial falls—2019/20—will be a year of truly unique importance in the life of the university—a year of celebration and pride across all campuses and across the whole state, and a year to reflect on all that IU has achieved in the previous 200 years.

In 2013, I directed all IU campuses to collectively develop strategic plans for the next five years, identifying goals to be completed and recognized during IU's bicentennial year. Those planning efforts have now been integrated into a single *Bicentennial Strategic Plan for Indiana University*. The current draft of the plan is available at *strategicplan.iu.edu* for public comment before it is presented to the IU Board of Trustees for approval.

The *Bicentennial Strategic Plan* includes an ambitious set of initiatives focused on student success and the value of an IU education; research and scholarly excellence; the university's role as an economic powerhouse in Indiana; and more—all of which are designed to carry IU into its third century as one of the premier public universities in the United States.

Conclusion

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 our engagement in the successful future of the state.

As we approach Indiana University's bicentennial, we must commit to strengthening our powerful partnership with the state of Indiana and its citizens and to extending that partnership over the next 200 years.

Yours sincerely,

Michael A. McRobbie
President

Message from the Senior Vice President, Chief Financial Officer and Treasurer

MaryFrances McCourt
Senior Vice President, Chief Financial Officer and Treasurer, Indiana University

Dear President McRobbie and the Trustees of Indiana University:

I am pleased to present you with the consolidated financial report for Indiana University for the fiscal year ended June 30, 2014.

We continue to be recognized by Moody's Investor Services as one of only eight public institutions of higher education holding a Aaa long-term credit rating. This highest rating reflects not only IU's strong financial performance and focus on the highest standards of financial management, but also on the effective governance of our senior leadership and the Board of Trustees, our attention toward strong internal controls, our ability to plan over the short and long term, and our continued self-assessment and drive toward operating efficiency.

Institutions of higher education are operating in a "new normal" with revenue, cost, and competitive pressures causing us to rethink historical practices while we meet the growing demands of students for greater affordability, reduced student debt, and a return on their higher education investment. Indiana University is committed to meeting these challenges as we focus on resource reallocation for strategic investment.

Through our efforts Indiana University has continued its strong financial track record and further strengthened its balance sheet. Continued efficiencies in our operation, strong investment performance, investment from the state, and the continued generosity of our donors have resulted in further growth of our net position – a critical indicator of current financial health – by $201 million, or 5.9%.

Initiatives contributing to positive performance for fiscal year 2014 were:

- Implementation of an Early Retirement Incentive Program that provided attractive retirement packages for employees at or near retirement age while delivering savings to the university
- Implementation of a strategic parking plan to optimize revenue streams, streamline processes and standardize parking procedures and systems
- Heightened focus on managed spend resulting in material procurement savings
- Reduction of healthcare costs through a significant shift to high deductible health plans
- Continued strong performance of our investment portfolio through increased focus on cash forecasting and tiered investment strategy

As we continue to chart our path toward long term financial strength, we will stay the course with our focus on cost containment and leveraging our scale to drive efficiency. There are several initiatives underway to broaden the scope of impactful work and collaborate across units, schools and campuses to implement best-in-class work.

But, cost containment will not drive long term viability. We must look for ways to offset the pressures on revenue growth. Our strategic plan will guide us as we encourage and incent schools and campuses to innovate in areas of new program development, commercialization,

external grants, and fundraising. We will also expand an initiative to develop institution-wide business analytics to aid in focused investment and predictive modeling.

Other Initiatives

Indiana University has gained national attention for its comprehensive student financial literacy programming and the 11%, or $31 million, reduction in student debt over this past fiscal year. We are committed to delivering an affordable, quality education and have developed a six-point education affordability initiative to target all key drivers of student affordability.

We have bent the cost curve on healthcare with further engagement in our high deductible health plan. During a time when health care costs are rising, we have reduced our employee benefit rate, resulting in a $28 million budget savings to redeploy to strategic initiatives. Healthy IU, our comprehensive institution-wide wellness initiative also signals our commitment to employee health and well-being. This initiative leverages knowledge experts from all aspects of wellness to provide accessible programming and environmental support.

Finance personnel across the university are also formally collaborating to identify further areas to drive efficiency with people, processes, and facilities.

It is an exciting time in higher education. Our current position of financial strength and the continued strong demand for the Indiana University brand will allow us to take an offensive approach as we embrace these challenges for improvement.

Sincerely,

MaryFrances McCourt
Senior Vice President, Chief Financial Officer and Treasurer

STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 aggregate 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, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the University's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of Indiana University Foundation, a component unit of the University as discussed in Note 1, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Indiana University Foundation, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 audits and the reports 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 aggregate discretely presented component unit of the University as of June 30, 2014 and 2013, and the respective changes in financial position, where applicable, and its cash flows thereof for the years 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 (MD&A), the Schedule of Funding Progress for IU Replacement Retirement Plan, the Schedule of Funding Progress for Other Postemployment Benefits Plans, and the Schedule of Funding Progress for the Public Employees' Retirement Fund 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 the 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 an assurance on the information because of the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Message from the President, Message from the Senior Vice President, Chief Financial Officer and Treasurer, 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 the Senior Vice President, Chief Financial Officer and Treasurer, 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 this information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2014 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, grant agreements, and other matters. The

purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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, CPA
State Examiner

October 24, 2014

Management's Discussion and Analysis

The following discussion and analysis provides an overview of the financial position and activities of Indiana University (the "university") for the fiscal years ended June 30, 2014 and 2013, along with comparative financial information for the fiscal year ended June 30, 2012. This discussion has been prepared by management to assist readers in understanding the accompanying financial statements and footnotes.

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

The Statement of Net Position presents the university's financial position by reporting all assets, deferred outflows of resources, liabilities, and net position at the end of the fiscal years audited. Deferred outflows represent the consumption of resources applicable to a future financial reporting period. The statement as a whole provides information about the adequacy of resources to meet current and future operating and capital needs. Net position is the residual of all other elements presented in the Statement of Net Position and is one indicator of the current financial condition of the university.

The Statement of Revenues, Expenses, and Changes in Net Position presents the total revenues earned and expenses incurred by the university during the 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 activity during the year. The statement reports the major sources and uses of cash and is useful in the assessment of the university's ability to generate future net cash flows, the ability to meet obligations as they come due, and the need for external financing.

Statement of Net Position

A comparison of the university's assets, deferred outflows of resources, liabilities, and net position at June 30, 2014, 2013, and 2012 is summarized as follows:

Condensed Statement of Net Position
(in thousands of dollars)

	June 30, 2014	*June 30, 2013**	*June 30, 2012**
Current assets	$ 578,031	$ 635,060	$ 888,419
Capital assets, net	2,729,895	2,695,502	2,533,362
Other assets	1,717,852	1,559,666	1,337,428
Total assets	**5,025,778**	**4,890,228**	**4,759,209**
Deferred outflows of resources on refunding of debt	**13,964**	**16,850**	**9,536**
Current liabilities	391,896	417,846	463,308
Noncurrent liabilities	1,056,658	1,099,234	1,104,763
Total liabilities	**1,448,554**	**1,517,080**	**1,568,071**
Invested in capital assets, net of related debt	1,830,756	1,779,033	1,694,440
Restricted net position	261,879	213,279	163,304
Unrestricted net position	1,498,553	1,397,686	1,342,930
Total net position	**$ 3,591,188**	**$ 3,389,998**	**$ 3,200,674**

*As reclassified in accordance with GASB 65.

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, future employee benefit and retirement costs, self-liquidity requirements, and other operational needs.

In fiscal year 2014, current assets declined $57,029,000, or 9%, to $578,031,000 at June 30, 2014. This decline is primarily due to a decline of cash, cash equivalents, and short-term investments totaling $69,658,000. The objective of the university's operating fund investment policy is to adequately provide for the liquidity needs of the university while maximizing the opportunity to increase yield on investments. Continued investment portfolio rebalancing to optimize yield, along with spending of invested bond proceeds on capital projects, contributed to this shift to longer-term resources. Partially offsetting the impact of these amounts on current assets was

a $12,565,000 increase in prepaid expenses representing payments for goods or services to be received in future periods. The overall decline in current assets is primarily a function of the university's operating, capital financing, and investing activities as reflected in the Statement of Cash Flows.

Major components of noncurrent assets are endowment and operating investments, and capital assets, net of accumulated depreciation. Noncurrent assets increased $192,579,000, or 5%, to $4,447,747,000 at June 30, 2014, compared to June 30, 2013. The market value of the university's noncurrent investment portfolio increased $168,202,000, or 11%, to $1,659,726,000 at June 30, 2014, largely due to operating portfolio rebalancing and unrealized gains on investments. Realized losses in the operating portfolio partially offset the increase.

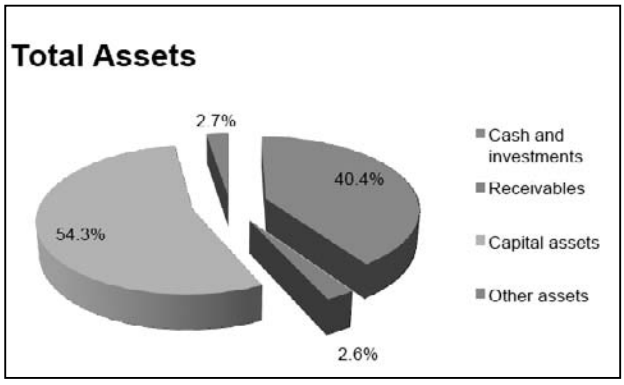
As described in the Capital Assets section of Management's Discussion and Analysis, the university continues to actively invest in expanding and renovating facilities to support IU's central missions of education and research, and to enhance the student life experience. These investments in facilities capitalize on the unique character, structure, sense of place, culture, and physical form of the campuses.

Total assets increased $135,550,000, or 3%, to $5,025,778,000 as of June 30, 2014.

The following table and chart represent the composition of total assets:

Total Assets
(in thousands of dollars)

Cash and investments	$ 2,032,400	40.4%
Receivables	131,915	2.6%
Capital assets	2,729,895	54.3%
Other assets	131,568	2.7%
Total assets	**$ 5,025,778**	**100.0%**



Deferred Outflows of Resources

Deferred outflows of resources represent consumption of resources applicable to a future reporting period. The amounts recorded result from capital debt refunding transactions, and consist of the amortized cumulative differences between reacquisition prices and the net carrying amounts of previously issued debt.

Liabilities

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

Current liabilities declined $25,950,000, or 6%, to $391,896,000 at June 30, 2014, primarily due to a decline in unearned revenue. Unearned revenue is comprised of receipts for which recognition of the related revenue will be recognized in future periods. The university's unearned revenue is attributable in part to the academic calendar, in which a portion of summer session student fees collected in the current fiscal year is classified as unearned until the following fiscal year when the related summer session classes are taught. In addition, funds received in advance of expenditures on sponsored projects are classified as unearned revenue. The reduction of $37,023,000 in current unearned revenue is primarily due to the timing of spending related to capital and other grants for which receipts were received in prior years in advance of related expenditures.

Noncurrent liabilities declined $42,576,000, or 4%, to $1,056,658,000 at June 30, 2014, due in large part to principal payments on bonds and notes payable of $55,430,000. Noncurrent liabilities include other postemployment benefits, as described in Note 12, Postemployment Benefits.

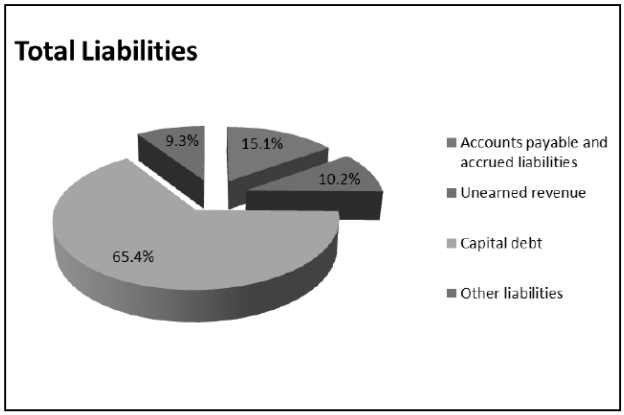
The university's capital debt outstanding of $947,519,000 at June 30, 2014, and $986,083,000 at June 30, 2013, after reclassification for the implementation of GASB 65 (See Note 1, Organization and Summary of Significant Accounting Policies), represents 65% of total liabilities at June 30, 2014 and 2013. A discussion of the university's capital financing activities appears in Note 7, Bonds and Notes Payable, and

Note 8, Lease Obligations, and in the Debt and Financing activity section below.

Total liabilities decreased $68,526,000, or 5%, to $1,448,554,000 at June 30, 2014.

The following table and chart represent the composition of total liabilities:

Total Liabilities *(in thousands of dollars)*		
Accounts payable and accrued liabilities	$ 218,611	15.1%
Unearned revenue	147,120	10.2%
Capital debt	947,519	65.4%
Other liabilities	135,304	9.3%
Total liabilities	**$ 1,448,554**	**100.0%**



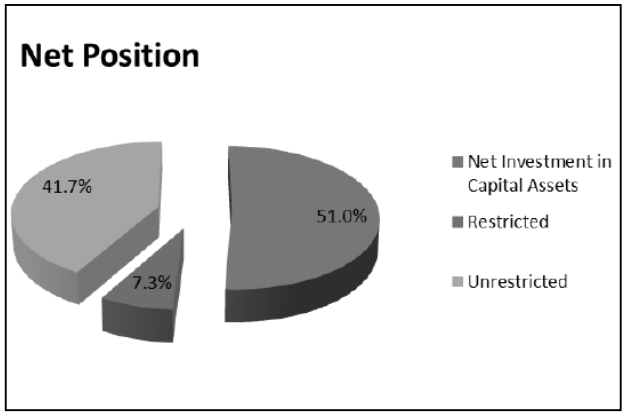
Net Position

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 that have been restricted by external parties and are divided into two sub-categories:
  - Restricted non-expendable funds must be held inviolate and in perpetuity. These balances represent the university's permanent endowment funds received for the purpose of creating present and future income.
  - 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.

The following table and chart represent the composition of net position:

Total Net Position *(in thousands of dollars)*		
Net investment in capital assets	$ 1,830,756	51.0%
Restricted	261,879	7.3%
Unrestricted	1,498,553	41.7%
Total net position	**$ 3,591,188**	**100.00%**



The university's net investment in capital assets reflects the institutional long-term investment in sustaining and enhancing the missions of research and education. The net investment in capital assets increased $51,723,000, or 3%, to $1,830,756,000 at June 30, 2014. Growth in this area is managed according to the university's long-range capital plans, along with operating units' needs for equipment and infrastructure to support programs and operational functions.

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 increased $100,867,000, or 7%, to $1,498,553,000 at June 30, 2014. This category of resources is essential for ongoing operational needs, funding ongoing obligations such as Other Postemployment Benefits, as well as for providing flexibility to support the university's mission in changing economic environments.

Net position in total increased $201,190,000, or 6%, to $3,591,188,000 at June 30, 2014.

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 allowances are recorded as offsets to gross tuition and fees and auxiliary revenue. Student financial aid in excess of amounts owed for tuition, fees, and housing are recorded as expenses. Nonoperating revenues include state appropriations, grants, contracts, gifts, and investment income. Operating expenses are those incurred to carry out the normal operations of the university. As a public university, Indiana University is required by GASB standards to report certain revenue sources that are an integral part of operations as nonoperating revenues.

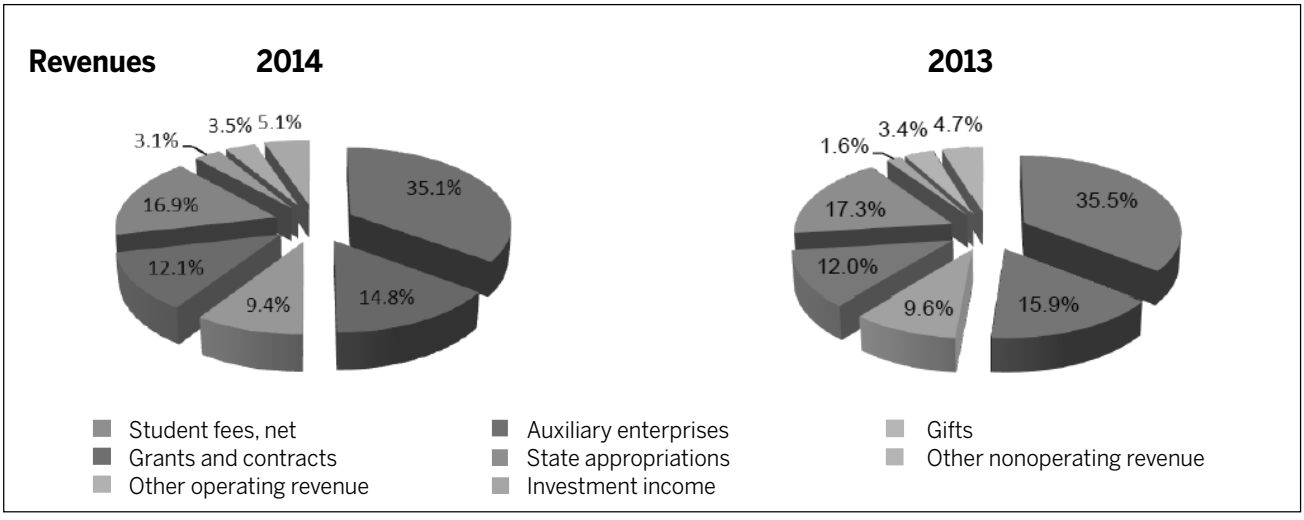
Total revenues increased $135,088,000, or 5%, to $3,076,683,000 in fiscal year 2014. Total expenses increased $123,222,000, or 4%, to $2,875,493,000 in fiscal year 2014.

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 Year Ended		
	June 30, 2014	*June 30, 2013*	*June 30, 2012*
Operating revenues	$ 2,195,241	$ 2,146,736	$ 2,065,918
Operating expenses	(2,838,946)	(2,721,541)	(2,639,127)
Total operating loss	(643,705)	(574,805)	(573,209)
Nonoperating revenues	836,077	772,775	811,550
Nonoperating expenses	(36,547)	(30,730)	(31,100)
Income before other revenues, expenses, gains, or losses	155,825	167,240	207,241
Other revenues	45,365	22,084	34,432
Increase in net position	**201,190**	**189,324**	**241,673**
Net position, beginning of year	3,389,998	3,200,674	2,959,001
Net position, end of year	**$ 3,591,188**	**$ 3,389,998**	**$ 3,200,674**

The following charts represent revenues by major source for fiscal years 2014 and 2013:



Total operating revenues increased $48,505,000, or 2%, to $2,195,241,000 in fiscal year 2014. 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 $35,103,000, or 3%, over the prior fiscal year and represents 35% of total revenue. Tuition and fee revenue fluctuates according to a combination of changes in tuition rates, enrollment, and the mix of student levels and residency. Fiscal year 2014 tuition and fee rate increases are more than five points lower than the university's historical average, indicative of the university's strong focus on student affordability. Operating grant and contract revenue declined $10,354,000, or 2%, to $456,474,000 in 2014. Since 2010, the national trend in federal research funding has declined significantly, more recently due to the across-the-board federal sequestration cuts. Indiana University's federal grants and contracts revenue declined $16,223,000, or 5%, to $290,301,000. Nongovernmental grants and contracts revenue increased $6,409,000, or 5%, to $146,211,000, due to a combination of natural variability in the awarding of foundation and not-for-profit agency grants, along with revenue recognition timing as grant revenue is recognized in the financial statements as spending takes place.

Total operating expenses increased $117,405,000, or 4%, to $2,838,946,000 in fiscal year 2014. The combined total of student financial aid expense and scholarship allowances, including those related to auxiliary revenue, increased $8,520,000, or 2%. The university's strategy to promote student affordability and to control student debt levels includes a focus on access to financial aid in conjunction with financial literacy programs. Compensation and benefits, at 65% of total operating expenses, represent the largest single university expense. Compensation and benefits expense increased $68,459,000, or 4%, over the prior year, to $1,850,432,000. University benefit plans are an important element in attracting and retaining employees to support the university's missions. Specific initiatives have been implemented to control benefit program expenses. Notably, the university has implemented a High Deductible Health Plan (HDHP) with lower employer premiums while providing employees with greater control over healthcare spending. Approximately 79% of employees were enrolled in an HDHP in 2014. The university implemented an Early Retirement Incentive Plan for 2014, applicable to full-time academic and staff employees meeting certain eligibility requirements. The program was instrumental in providing opportunities for cost savings, redirecting positions to focus on higher priorities, and avoiding or minimizing future involuntary reductions in personnel. Energy and utilities expense increased $6,857,000, or 10%, over the prior year. In spite of the addition of new buildings with an increase in square feet served on the Bloomington and IUPUI campuses, favorable electrical usage variances were achieved through energy savings measures. These factors were offset by increased electricity rates and higher fuel and steam costs related to the colder temperatures compared to the prior year.

Nonoperating revenues, net of interest expense, increased $57,485,000, or 8%, to $799,530,000 in 2014. State operating appropriations increased a total of $9,819,000, or 2%, compared to fiscal year 2013. The State enacted an operating appropriation increase of $16,512,000, or 3.6%, for the university for fiscal year 2014. In December 2013, the Governor of Indiana announced a 2% reserve on operating appropriations of all Indiana state universities' fiscal year appropriations. The reserve was withheld from the university's June 2014 claim and amounted to $9,600,000. Special line item appropriations, net of the 2% cut, increased $1,502,000. Student fee replacement appropriations are made for the purpose of reimbursing a portion of debt service for certain academic facilities. These funds are claimed according to the university's fee replacement-supported debt service schedules, and were not subject to the 2% reduction. Investment income increased $47,892,000, or 100%, in fiscal year 2014 to $95,560,000, primarily due to unrealized gains in 2014, compared to overall unrealized losses in 2013. The unrealized gains were partially offset by realized losses. Interest expense increased $5,817,000 over 2013, primarily due to the timing of capitalization of construction period interest on completed projects.

The university recognized $25,876,000 in capital appropriations in 2014. Capital gifts and grants received during the year include funding for projects for construction of the Neurosciences Research Building and renovation of the Rotary Building on the IUPUI campus, and building renovations on the South Bend campus.

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.

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

Comparative Statement of Cash Flows
(in thousands of dollars)

	Fiscal Year Ended		
	June 30, 2014	*June 30, 2013*	*June 30, 2012*
Net cash provided (used) by:			
Operating activities	$ (532,911)	$ (476,724)	$ (446,436)
Noncapital financing activities	741,973	723,772	750,452
Capital and related financing activities	(206,182)	(336,521)	(166,036)
Investing activities	(24,195)	(220,405)	(72,943)
Net increase (decrease) in cash and cash equivalents	(21,315)	(309,878)	65,037
Beginning cash and cash equivalents	335,269	645,147	580,110
Ending cash and cash equivalents	**$ 313,954**	**$ 335,269**	**$ 645,147**

Cash received from operations consists primarily of student 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 are used to fund operating activities, including state appropriations, federal Pell grants, and private noncapital gifts. 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.

Capital Asset Activity

In his State of the University address, Indiana University President Michael McRobbie emphasized the importance of facilities to the University's overall mission: "New, expanded, and renovated facilities to support IU's central missions of education, research, and the long-term preservation of knowledge are a central priority of the university. They are critical to help recruit and retain the best faculty and researchers, ensure IU remains competitive in research and scholarship, and to help provide a high-quality living and educational environment for IU students on all campuses."

The university's investment in capital assets, net of depreciation, which include land, art and museum objects, infrastructure, equipment, and buildings, grew $34,393,000, or 1%, to $2,729,895,000 at June 30, 2014. Additions to capital assets are comprised of new construction, renewal and renovations, as well as major investments in equipment and information technology. Construction in progress includes academic and administrative building projects, student residence hall improvements, and construction of research facilities.

The Neurosciences Research Building is a new building on the IUPUI campus which provides scientists with state-of-the-art facilities in which to conduct a broad range of collaborative neuroscience research. In partnership with clinical care providers, the facility will be part of a national model for collaborative, transdisciplinary patient care, research, and education for neuropsychiatric and neurological disorders. The project features a unique connection

of lab support suites, which allows better access to the extensive biological model studies used in research. The research space is designed for flexibility to enable interdisciplinary research teams to be grouped according to health specialties rather than by traditional academic departments. Construction was completed in March 2014. The facility was awarded LEED Gold Certification in August 2014 for achieving high standards of energy-conscious and environmentally-sustainable design and construction. The 239,000 square foot facility was completed at a cost of $48,000,000.

The Science and Engineering Laboratory Building on the IUPUI campus was dedicated in November 2013. The $28,000,000 high-tech building provides facilities for education and research that contribute to the economic vitality of the state of Indiana. The facility provides 35,000 square feet of research and teaching space that enable scientists and scholars to engage in collaborative, multidisciplinary activities, critical to recruit and retain the best faculty and researchers. Among the interdisciplinary programs housed in the new building are biomedical engineering, forensic science, psychobiology, and renewable energy research.

Renovation of the Rotary Building, one of the oldest buildings on the Indiana University School of Medicine campus, was completed in May 2014. The $8,000,000 project included all new mechanical, electrical, and plumbing systems, along with upgrades to the fire safety and security systems. Walls which divided the floors into small, inefficient rooms were removed to allow natural light to penetrate further into the building and to create open office areas on all floors. In addition, the building was brought up to current energy efficiency standards with new windows and newly insulated walls. The renovation created 40,000 square feet of office and academic space for School of Medicine departments and programs.

The Indiana University Jacobs School of Music officially opened its 85,000 square foot East Studio Building in fiscal year 2014. The facility highlights the entrance

to the university's music, fine arts, film, and performing arts district. Construction of the building, at a cost of $38,000,000, was made possible by a grant from the Lilly Endowment. The state-of-the-art technical and acoustical facilities offer connectivity and technology to faculty and students with advanced teaching and practice space. Each studio features high-definition videoconferencing capabilities, allowing faculty to teach interactively around the world. In addition to faculty studios, the building houses administrative offices for the Jacobs School of Music.

The $24,000,000 Forest Dining Hall project provides new and upgraded dining facilities for students on the Bloomington campus. A pedestrian-friendly north/south connector through the building was constructed to link the front of Forest Quad with Rose Avenue Residence Hall. The expansion portion of this project consisted of construction of a new 14,000 gross square foot, 700-seat dining hall featuring a "marketplace" with unique food venues. Installation of upgraded mechanical systems was included in the project. The project was completed in August 2013.

Debt and Financing Activity

Institutional borrowing capacity is a valuable resource that is actively managed in support of the institutional mission. Bonds, notes, and capital lease obligations totaled $947,519,000 at June 30, 2014, and $986,083,000 at June 30, 2013, after reclassifications for GASB Statement No. 65 (see Note 1).

On February 13, 2014, the university issued natural fixed rate Lease Purchase Obligations, Series 2014A with a par amount of $21,045,000. The proceeds financed the construction of University Hall on the IUPUI campus and included the costs of issuing the bonds, including underwriters' discount. The true interest cost for the obligations was 3.8%.

The University's ratings on debt obligations were reviewed and reaffirmed in January 2014. On January 22, 2014, Moody's Investors Service rated lease purchase obligations and reaffirmed its underlying rating on student fee bonds, student residence system bonds, facility revenue bonds, consolidated revenue bonds, and certificates of participation as 'Aaa' with a stable outlook. On January 21, 2014, Standard & Poor's Ratings Services rated lease purchase obligations and reaffirmed its underlying rating on student fee bonds, student residence system bonds, facility revenue bonds, consolidated revenue bonds, and certificates of participation as 'AA+' with a stable outlook.

Economic Outlook

While the Indiana General Assembly appropriated a 3.6% system-wide increase in Indiana University operating appropriations for fiscal year 2014, the State Budget Agency withheld 2% of funds appropriated to each state university due to concerns over state revenue performance. Although the state slightly surpassed its December 2013 revenue forecast for fiscal year 2014, total revenues were $60,000,000, or 0.4%, lower than fiscal year 2013 revenue collections. State revenue performance was impacted modestly by tax cuts enacted by the General Assembly that are being phased-in over several years (a nearly 1% reduction) and individual income tax collections were significantly below forecast. Sales tax collections achieved forecast, but grew at a modest rate of 1.9% over 2013, while corporate tax revenues strongly exceeded forecast by $117,000,000, nearly offsetting the shortfall in individual income tax collections. Fortunately, the state's overall fiscal standing is strong with total reserve balances exceeding $2,000,000,000, more than 13% of state revenues.

For fiscal year 2015, total state revenues are forecast to increase by 3.2% over actual fiscal year 2014 collections, after accounting for the continued phase-in of previously enacted tax cuts. Indiana's unemployment rate improved substantially during 2014, dropping from 8.4% in July 2013 to 5.9% in June 2014. With lower unemployment, there is hope that individual income and sales tax collections will improve during fiscal year 2015 compared to fiscal year 2014, which will be essential to achieving the revenue forecast.

While evidence indicates that both Indiana and the national economies are expanding at a moderate pace, much uncertainty continues, including continued underutilization of the labor market, and global headwinds.

The university is committed to curtailing expenditures and increasing productivity to drive institutional efficiency. At the same time, the university continues to be acknowledged for delivering excellent educational quality with a focus on student affordability, and the demand for an Indiana University education remains strong. Overall, the financial position of the university is favorable and management will continue to monitor state, national, and global economic conditions as part of its critical financial decision-making process.

Statement of Net Position

(in thousands of dollars)	*June 30, 2014*	*June 30, 2013*
Assets		
Current assets		
Cash and cash equivalents	$ 313,954	$ 335,269
Accounts receivable, net	131,915	132,489
Current portion of notes and pledges receivable	15,215	14,416
Inventories	10,917	11,078
Short-term investments	58,720	107,063
Other assets	47,310	34,745
Total current assets	578,031	635,060
Noncurrent assets		
Accounts receivable	–	10,634
Notes and pledges receivable	58,126	57,508
Investments	1,659,726	1,491,524
Capital assets, net	2,729,895	2,695,502
Total noncurrent assets	4,447,747	4,255,168
Total assets	**5,025,778**	**4,890,228**
Deferred outflows of resources on refunding of debt	**13,964**	**16,850**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	218,611	210,378
Unearned revenue	108,051	145,074
Current portion of capital lease obligations	783	1,249
Current portion of long-term debt	64,451	61,145
Total current liabilities	391,896	417,846
Noncurrent liabilities		
Capital lease obligations	930	1,103
Notes payable	79,560	61,315
Assets held in custody for others	77,710	76,677
Unearned revenue	39,069	36,955
Bonds payable	801,795	861,271
Other long-term liabilities	57,594	61,913
Total noncurrent liabilities	1,056,658	1,099,234
Total liabilities	**1,448,554**	**1,517,080**
Net Position		
Net investment in capital assets	1,830,756	1,779,033
Restricted for:		
Nonexpendable - endowments	45,268	27,998
Expendable		
Scholarships, research, instruction and other	150,792	136,955
Loans	19,604	19,830
Capital projects	26,051	8,249
Debt service	20,164	20,247
Unrestricted	1,498,553	1,397,686
Total net position	**$ 3,591,188**	**$ 3,389,998**

See accompanying notes to the financial statements.

INDIANA UNIVERSITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2014 AND 2013
(In thousands of dollars)

	2014	2013
ASSETS		
CASH AND CASH EQUIVALENTS	$ 102,714	$ 87,276
CASH COLLATERAL UNDER SECURITIES LENDING AGREEMENT	98,766	66,935
RECEIVABLES AND OTHER ASSETS	36,973	52,681
PROMISES TO GIVE - NET	159,539	142,368
INVESTMENTS	2,147,618	1,875,083
PROPERTY, PLANT, AND EQUIPMENT - NET	50,894	53,223
TOTAL ASSETS	$ 2,596,504	$ 2,277,566
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and other	$ 25,725	$ 39,566
Payable under securities lending agreement	98,766	66,935
Debt	2,990	3,844
Accrued trust obligation to life beneficiaries	36,441	36,186
Assets held for the University	243,118	205,621
Assets held for University affiliates	24,290	22,128
Total liabilities	431,330	374,280
NET ASSETS:		
Unrestricted net assets	51,363	40,750
Temporarily restricted net assets	841,110	762,899
Permanently restricted net assets	1,272,701	1,099,637
Total net assets	2,165,174	1,903,286
TOTAL LIABILITIES AND NET ASSETS	$ 2,596,504	$ 2,277,566

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

Statement of Revenues, Expenses, and Changes in Net Position

(in thousands of dollars)	*Fiscal Year Ended*	
	June 30, 2014	*June 30, 2013*
Operating revenues		
Student fees	$ 1,303,046	$ 1,255,936
Less scholarship allowance	(223,516)	(211,509)
Federal grants and contracts	290,301	306,524
State and local grants and contracts	19,962	20,502
Nongovernmental grants and contracts	146,211	139,802
Sales and services of educational units	65,374	61,724
Other revenue	222,871	220,912
Auxiliary enterprises (net of scholarship allowance of $27,612 in 2014 and $24,391 in 2013)	370,992	352,845
Total operating revenues	**2,195,241**	**2,146,736**
Operating expenses		
Compensation and benefits	1,850,432	1,781,973
Student financial aid	152,532	159,240
Energy and utilities	77,361	70,504
Travel	48,840	47,245
Supplies and general expense	564,623	521,813
Depreciation and amortization expense	145,158	140,766
Total operating expenses	**2,838,946**	**2,721,541**
Total operating loss	**(643,705)**	**(574,805)**
Nonoperating revenues (expenses)		
State appropriations	519,417	509,598
Grants, contracts, and other	112,795	115,250
Investment income	95,560	47,668
Gifts	108,305	100,259
Interest expense	(36,547)	(30,730)
Net nonoperating revenues	**799,530**	**742,045**
Income before other revenues, expenses, gains, or losses	**155,825**	**167,240**
Capital appropriations	25,876	–
Capital gifts and grants	19,102	21,062
Additions to permanent endowments	387	1,022
Total other revenues	**45,365**	**22,084**
Increase in net position	**201,190**	**189,324**
Net position, beginning of year	**3,389,998**	**3,200,674**
Net position, end of year	**$ 3,591,188**	**$ 3,389,998**

See accompanying notes to the financial statements.

INDIANA UNIVERSITY FOUNDATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014
(In thousands of dollars)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT:				
Contributions — net	$ 1,326	$ 100,418	$ 44,313	$ 146,057
Investment income — net	13,281	123,736	122,243	259,260
Management/administrative fees	16,420	(13,669)	(39)	2,712
Grants	-	5,400	-	5,400
Other income	9,940	4,893	660	15,493
Development service fees from the University	4,923	-	-	4,923
Net assets released from restriction	138,827	(139,607)	780	-
Total revenue and support	184,717	81,171	167,957	433,845
EXPENDITURES:				
Program expenditures	144,998	-	-	144,998
Management and general	11,683	3,994	(218)	15,459
Fundraising	17,741	-	-	17,741
Change in value of split interest agreement obligation	(318)	(1,034)	(4,889)	(6,241)
Total expenditures	174,104	2,960	(5,107)	171,957
Total change in net assets	10,613	78,211	173,064	261,888
BEGINNING NET ASSETS	40,750	762,899	1,099,637	1,903,286
ENDING NET ASSETS	$ 51,363	$ 841,110	$ 1,272,701	$ 2,165,174

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

Statement of Cash Flows

(in thousands of dollars)	*Fiscal Year Ended*	
	June 30, 2014	*June 30, 2013*
Cash flows from operating activities		
Student fees	$ 1,074,775	$ 1,043,398
Grants and contracts	425,305	400,472
Sales and services of educational activities	65,225	61,251
Auxiliary enterprise charges	369,968	350,830
Other operating receipts	229,652	221,969
Payments to employees	(1,845,793)	(1,760,333)
Payments to suppliers	(694,943)	(639,401)
Student financial aid	(156,749)	(156,893)
Student loans collected	10,111	11,064
Student loans issued	(10,462)	(9,081)
Net cash used in operating activities	**(532,911)**	**(476,724)**
Cash flows from noncapital financing activities		
State appropriations	519,417	509,598
Nonoperating grants and contracts	112,795	115,250
Gifts and grants received for other than capital purposes	109,866	100,387
Direct lending receipts	556,085	600,943
Direct lending payments	(556,190)	(602,406)
Net cash provided by noncapital financing activities	**741,973**	**723,772**
Cash flows from capital and related financing activities		
Capital appropriations	25,876	–
Capital grants and gifts received	16,558	16,885
Purchase of capital assets	(172,532)	(303,479)
Proceeds from issuance of capital debt, including refunding activity	20,375	40,820
Principal payments on capital debt	(55,430)	(50,096)
Principal paid on capital leases	(1,390)	(1,660)
Interest paid on capital debt and leases	(39,639)	(38,991)
Net cash used in capital and related financing activities	**(206,182)**	**(336,521)**
Cash flows from investing activities		
Proceeds from sales and maturities of investments	2,851,564	2,808,571
Investment income	44,129	45,242
Purchase of investments	(2,919,888)	(3,074,218)
Net cash used in investing activities	**(24,195)**	**(220,405)**
Net decrease in cash and cash equivalents	**(21,315)**	**(309,878)**
Cash and cash equivalents, beginning of year	335,269	645,147
Cash and cash equivalents, end of year	**$ 313,954**	**$ 335,269**

See accompanying notes to the financial statements.

Statement of Cash Flows

(continued from previous page)

(in thousands of dollars)	*Fiscal Year Ended*	
	June 30, 2014	*June 30, 2013*
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (643,705)	$ (574,805)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	145,158	140,766
Loss on disposal of capital assets	6,903	6,513
Changes in assets and liabilities:		
Accounts receivable	725	(14,272)
Inventories	162	311
Other assets	(12,565)	(4,633)
Notes receivable	(1,416)	1,458
Accounts payable and accrued liabilities	9,258	(18,544)
Unearned revenue	(34,910)	(23,320)
Assets held in custody for others	1,033	294
Other noncurrent liabilities	(3,554)	9,508
Net cash used in operating activities	**$ (532,911)**	**$ (476,724)**

See accompanying notes to the financial statements.

Indiana University Notes to the Financial Statements

June 30, 2014 and June 30, 2013

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"), is comprised of 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 state-supported institution and is classified as exempt from federal income tax under Section 501(a) of the Internal Revenue Code, as an organization described in Section 501(c)(3), and also under Section 115(a). 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 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, 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.

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*, 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 FASB standards, including FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations*. 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 $140,665,000 and $105,726,000 to the university during fiscal years 2014 and 2013, respectively. Complete financial statements for the IU Foundation can be obtained from: Indiana University Foundation, Attn: Controller, PO Box 500, Bloomington, IN 47402.

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 of the university's 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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all highly liquid investments with 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.

INVESTMENTS

Investments are carried at fair value, as quoted by the major securities markets. 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.

ACCOUNTS RECEIVABLE

Accounts receivable consist 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.

CAPITAL ASSETS

Capital assets are recorded at cost at the date of acquisition or fair market 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 at least the lesser of $75,000 or twenty percent of the acquisition cost of the existing building, 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 five 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 components. 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

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. Accumulated deferred charges on refundings of capital debt represent deferred outflows.

UNEARNED REVENUE

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

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.

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

University revenues 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).
- *Nonoperating revenues:* Nonoperating revenues include those derived from nonexchange transactions such as gifts and certain federal and state grants. 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

Change in accounting policy: Effective with the fiscal year ended June 30, 2014, the university adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This standard provides guidance on the financial statement classification of certain items previously reported as assets and liabilities. In accordance with the standard, the university has reclassified deferred charges on refundings of capital debt as deferred outflows of resources (previously classified as liabilities) for fiscal years ended June 30, 2013, and June 30, 2014. The presentation of the Statement of Net Position has been modified accordingly for both years presented.

RECLASSIFICATIONS

Certain reclassifications have been made to prior year statements and certain notes to conform to new reporting standards as described above, and do not constitute a restatement of prior periods.

Note 2—Deposits and Investments

DEPOSITS

The combined bank balances of the university's demand deposits were $71,868,000 and $67,819,000 at June 30, 2014 and 2013, respectively. The university had balances in excess of Federal Deposit Insurance Corporation limits in the amount of $71,617,000 and $67,547,000 at June 30, 2014 and 2013, respectively. The balance in excess of FDIC limits is subject to custodial credit risk. 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.

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, 2014 and 2013, the university had investments and deposits, including endowment funds, as shown below:

(dollar amounts presented in thousands)

	Fair Value	
	June 30, 2014	*June 30, 2013*
Cash and cash equivalents	$ 313,954	$ 335,269
Short term investments	58,720	107,063
Investments	1,659,726	1,491,524
Total	**$ 2,032,400**	**$ 1,933,856**

Investment Custodial Risk

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 $1,961,000 and $1,519,000 exposed to custodial credit risk at June 30, 2014 and 2013, respectively. The university had $16,782,000 and $20,428,000 where custodial credit risk could not be determined at June 30, 2014 and 2013, respectively. The remainder of the university's investments are not exposed to custodial credit risk and reflect 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 an 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 had investments with the following maturities at June 30, 2014:

(dollar amounts presented in thousands)

	Fair Value	*Investment Maturities (in years)*			
Investment Type	*June 30, 2014*	*Less than 1*	*1–5*	*6–10*	*More than 10*
Investments with maturity date					
Corporate bonds	$ 509,509	$ 47,419	$ 311,002	$ 102,040	$ 49,048
Asset-backed securities	369,385	280	125,007	38,319	205,779
Government bonds	324,760	16,954	134,090	130,071	43,645
Government issued asset-backed securities	113,516	1	5,945	14,866	92,704
Other fixed income	44,020	(6,392)	27,982	15,662	6,768
Total investments with maturity date	**1,361,190**	**58,262**	**604,026**	**300,958**	**397,944**
Investments with undetermined maturity date					
External investment pools	251,018	251,018	–	–	–
Money market funds	234,676	234,676	–	–	–
Fixed income funds	100,244	100,244	–	–	–
All other	85,272	85,272	–	–	–
Total investments with undetermined maturity date	**671,210**	**671,210**	**–**	**–**	**–**
Total	**$ 2,032,400**	**$ 729,472**	**$ 604,026**	**$ 300,958**	**$ 397,944**

The university had investments with the following maturities at June 30, 2013:

(dollar amounts presented in thousands)

	Fair Value	*Investment Maturities (in years)*			
Investment Type	*June 30, 2013*	*Less than 1*	*1–5*	*6–10*	*More than 10*
Investments with maturity date					
Corporate bonds	$ 505,798	$ 64,020	$ 273,807	$ 117,958	$ 50,013
Asset-backed securities	278,753	1,453	90,299	35,197	151,804
Government bonds	273,502	45,828	61,143	104,925	61,606
Government issued asset-backed securities	185,896	57,904	3,227	13,697	111,068
Other fixed income	85,834	44,988	17,322	13,264	10,260
Total investments with maturity date	**1,329,783**	**214,193**	**445,798**	**285,041**	**384,751**
Investments with undetermined maturity date					
Money market funds	350,906	350,906	–	–	–
External investment pools	212,546	212,546	–	–	–
Fixed income funds	99,019	99,019	–	–	–
All other	(58,398)	(58,398)	–	–	–
Total investments with undetermined maturity date	**604,073**	**604,073**	**–**	**–**	**–**
Total	**$ 1,933,856**	**$ 818,266**	**$ 445,798**	**$ 285,041**	**$ 384,751**

Certain reclassifications have been made to the prior year for comparative purposes and do not constitute a restatement of prior periods.

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.

At June 30, 2014 and 2013, university investments had debt securities with associated credit ratings as shown below:

(dollar amounts presented in thousands)

Credit Quality Rating	*Fair Value June 30, 2014*	*Percentage of Total Pool*	*Fair Value June 30, 2013*	*Percentage of Total Pool*
AAA	$ 269,118	13.24%	$ 296,587	15.34%
AA	460,409	22.65%	522,507	27.02%
A	191,327	9.42%	174,998	9.05%
BBB	265,082	13.04%	219,757	11.36%
BB	91,120	4.48%	99,318	5.14%
Below BB	94,741	4.66%	75,378	3.90%
Not Rated	660,603	32.51%	545,311	28.19%
Total	**$ 2,032,400**	**100.00%**	**$ 1,933,856**	**100.00%**

Certain reclassifications have been made to the prior year for comparative purposes and do not constitute a restatement of prior periods.

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 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. U.S. Government and U.S. governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a government's investments and deposits. The university's policy for controlling exposure to foreign currency risk is to constrain 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, 2014 and 2013, the university had investments exposed to foreign currency risk stated in U.S. dollar equivalents as shown below:

(dollar amounts presented in thousands)

Currency	*2014*	*2013*
Mexican peso	$11,686	$13,018
Brazilian real	7,350	514
South Korean won	4,322	–
Australian dollar	2,500	(1,064)
All other	(16,918)	(4,169)
Total	**$ 8,940**	**$ 8,299**

The negative values are a result of investments in foreign currency derivatives which have a negative market value and from large pending foreign exchange sales.

ENDOWMENTS

Endowment funds are managed pursuant to an Investment Agency Agreement between the Trustees of Indiana University (trustees) and the IU Foundation, 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 expenditure, consistent with donor intent. The trustees may, at their discretion, direct all or a portion of the university's endowment funds to other investments, exclusive of the IU Foundation's investment funds. The spending policy of the trustees is to distribute 4.75% of the twelve quarter rolling average of pooled fund values. This rate will be reduced evenly over the next three years resulting in a 4.5% distribution rate in fiscal year 2016-2017. Funds held by endowments managed by the IU Foundation are used to acquire pooled shares.

Endowment funds have a perpetual investment horizon and, as appropriate, may be invested in asset classes with longer term risk/return characteristics, including, but not limited to stocks, bonds, real estate, private placements, and alternative investments. The Indiana University Endowments (endowments) are managed pursuant to an Investment Agency Agreement between the trustees and the IU Foundation dated November 14, 2005, which delegated investment management responsibilities to the IU Foundation, subject to the university's management agreement with the IU Foundation. Endowment assets may be invested in pooled funds or in 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 or reduce risk, or both. Participation in the pooled investments is achieved by owning units of the Pooled Long-Term Fund and considered an external investment pool to the university. At June 30, 2014, all endowments held with the IU Foundation were invested in pooled funds. The Pooled Long-Term portfolio is diversified based on manager selection, investment style, and asset type to avoid any disproportionate risk related to any one industry or security.

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 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 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 and money market funds and short term bond funds to $50,000,000 per fund, with the exception of U.S. Treasuries and Agencies, or accounts collateralized by Treasuries or Agencies.

Note 3—Accounts Receivable

Accounts receivable consisted of the following at June 30, 2014 and 2013:

(dollar amounts presented in thousands)

	June 30, 2014	*June 30, 2013*
Student accounts	$ 43,378	$ 37,174
Auxiliary enterprises and other operating activities	64,357	74,958
State appropriations	–	–
Federal, state, and other grants and contracts	22,262	16,881
Capital appropriations and gifts	3,652	2,241
Other	8,843	10,103
Current accounts receivable, gross	**142,492**	**141,357**
Less allowance for uncollectible accounts	(10,577)	(8,868)
Current accounts receivable, net	**$ 131,915**	**$ 132,489**
Noncurrent accounts receivable	**$ –**	**$ 10,634**

Note 4—Capital Assets

Fiscal year ended June 30, 2014

(dollar amounts presented in thousands)

	Balance June 30, 2013	*Additions*	*Transfers*	*Retirements*	*Balance June 30, 2014*
Assets not being depreciated:					
Land	$ 65,979	$ 2,362	$ –	$ –	$ 68,341
Art & museum objects	79,636	539	–	–	80,175
Construction in progress	209,355	50,700	(172,878)	71	87,106
Total capital assets not being depreciated	354,970	53,601	(172,878)	71	235,622
Other capital assets:					
Infrastructure	172,758	7,999	4,097	–	184,854
Intangibles	10,334	159	1,098	–	11,591
Land improvements	48,416	5,023	3,757	–	57,196
Equipment	427,188	20,817	3,959	16,417	435,547
Library books	222,143	15,548	–	19,891	217,800
Buildings	3,389,420	83,561	159,967	8,181	3,624,767
Total other capital assets	4,270,259	133,107	172,878	44,489	4,531,755
Less accumulated depreciation for:					
Infrastructure	133,327	3,320	–	–	136,647
Intangibles	2,318	2,051	–	–	4,369
Land improvements	15,577	2,838	–	–	18,415
Equipment	298,934	33,572	–	14,926	317,580
Library books	111,696	21,996	–	19,891	113,801
Buildings	1,367,875	81,381	–	2,586	1,446,670
Total accumulated depreciation, other capital assets	1,929,727	145,158	–	37,403	2,037,482
Capital assets, net	**$ 2,695,502**	**$ 41,550**	**$ –**	**$ 7,157**	**$ 2,729,895**

Fiscal year ended June 30, 2013

(dollar amounts presented in thousands)

	Balance June 30, 2012	*Additions*	*Transfers*	*Retirements*	*Balance June 30, 2013*
Assets not being depreciated:					
Land	$ 57,085	$ 8,894	$ –	$ –	$ 65,979
Art & museum objects	79,342	313	–	19	79,636
Construction in progress	146,311	148,105	(85,072)	(11)	209,355
Total capital assets not being depreciated	282,738	157,312	(85,072)	8	354,970
Other capital assets:					
Infrastructure	164,285	4,914	3,559	–	172,758
Intangibles	2,690	948	6,696	–	10,334
Land improvements	37,530	8,068	2,818	–	48,416
Equipment	408,724	37,352	4,246	23,134	427,188
Library books	223,935	17,059	–	18,851	222,143
Buildings	3,243,814	82,467	67,753	4,614	3,389,420
Total other capital assets	4,080,978	150,808	85,072	46,599	4,270,259
Less accumulated depreciation for:					
Infrastructure	130,042	3,285	–	–	133,327
Intangibles	1,009	1,309	–	–	2,318
Land improvements	13,238	2,339	–	–	15,577
Equipment	287,912	32,735	–	21,713	298,934
Library books	106,910	23,638	–	18,852	111,696
Buildings	1,291,243	77,460	–	828	1,367,875
Total accumulated depreciation, other capital assets	1,830,354	140,766	–	41,393	1,929,727
Capital assets, net	**$ 2,533,362**	**$ 167,354**	**$ –**	**$ 5,214**	**$ 2,695,502**

Note 5—Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following at June 30, 2014 and 2013:

(dollar amounts presented in thousands)

	June 30, 2014	*June 30, 2013*
Accrued payroll	$ 24,984	$ 21,876
Accrual for compensated absences	47,705	41,536
Interest payable	11,913	12,937
Vendor and other payables	134,009	134,029
Total accounts payable and accrued liabilities	**$ 218,611**	**$ 210,378**

Note 6—Other Liabilities

Other liability activity for the fiscal years ended June 30, 2014 and 2013 is summarized as follows:

Fiscal year ended June 30, 2014

(dollar amounts presented in thousands)

	Balance June 30, 2013	*Additions*	*Reductions*	*Balance June 30, 2014*	*Current*
Bonds, notes, and capital leases payable	$ 986,083	$ 47,153	$ 85,717	$ 947,519	$ 65,234
Other liabilities:					
Unearned revenue	182,029	–	34,909	147,120	108,051
Assets held in custody for others	77,201	1,026	–	78,227	517
Compensated absences	67,316	17,131	18,023	66,424	47,705
Other	36,134	5,160	2,419	38,875	–
Total	362,680	23,317	55,351	330,646	156,273
Total other liabilities	**$1,348,763**	**$ 70,470**	**$ 141,068**	**$ 1,278,165**	**$ 221,507**

Fiscal year ended June 30, 2013

(dollar amounts presented in thousands)

	Balance June 30, 2012	*Additions*	*Reductions*	*Balance June 30, 2013*	*Current*
Bonds, notes, and capital leases payable	$ 993,992	$ 51,992	$ 59,901	$ 986,083	$ 62,394
Other liabilities:					
Unearned revenue	213,015	–	30,986	182,029	145,074
Assets held in custody for others	76,784	417	–	77,201	524
Compensated absences	64,142	20,986	17,812	67,316	41,537
Other	36,053	3,442	3,361	36,134	–
Total	389,994	24,845	52,159	362,680	187,135
Total other liabilities	**$ 1,383,986**	**$ 76,837**	**$ 112,060**	**$ 1,348,763**	**$ 249,529**

Certain reclassifications have been made to the prior year for comparative purposes and do not constitute a restatement of prior periods.

Note 7 — Bonds and Notes Payable

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, student union buildings, and energy savings projects. At June 30, 2014 and 2013, the university had serial bonds, term bonds, and capital appreciation bonds outstanding with maturities that extend to June 1, 2038. The university has both tax-exempt and taxable bonds outstanding.

The total outstanding bonds and notes payable at June 30, 2014 and 2013, were $945,806,000 and $983,731,000, respectively. This indebtedness included principal outstanding at June 30, 2014 and 2013, for bonds issued under Indiana Code (IC) 21-34-6 (Student Fee debt) of $414,690,000 and $448,520,000, respectively, and for bonds issued under IC 21-35-3 (Revenue debt) of $391,820,000 and $410,895,000, respectively. Total bonds and notes payable at June 30, 2014 and 2013, include an additional accreted value of outstanding Student Fee bonds issued as capital appreciation bonds of $10,435,000 and $13,936,000, respectively. The calculation of total bonds and notes payable at June 30, 2014 and 2013, includes the addition of bond premium outstanding of $56,936,000 and $60,476,000, respectively. As of June 30, 2014, debt service payments to maturity total $1,269,602,000,

of which $460,404,000 is from bonds eligible for fee replacement appropriations.

On a biennial basis, the Indiana General Assembly authorizes a specific state appropriation to the university for the purpose of reimbursing a portion of the debt service payments on bonds issued under IC 21-34-6 for certain academic facilities. Such academic facilities include classrooms, libraries, laboratories, and other academic support facilities as designated by the Indiana General Assembly. These specific state appropriations are referred to as "fee replacement" appropriations, and are received from the State of Indiana on a semi-annual basis. This appropriation is 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 State of Indiana has fully funded all fee replacement obligations established by prior General Assemblies since the State began authorizing fee replacement appropriations over 40 years ago. The outstanding principal balances which are eligible for fee replacement appropriations, as of June 30, 2014 and 2013, are $356,993,000 and $386,207,000, respectively.

In addition to serial and term bonds, the university has issued capital appreciation bonds (CABs). A CAB is a long-term municipal security on which the investment return on an initial principal amount is reinvested at a stated compounded rate until maturity. At maturity, the investor receives both the initial principal amount and the total investment return. CABs typically are sold at a deeply discounted price and are distinct from traditional zero coupon bonds because the investment return is considered to be in the form of compounded interest rather than accreted original issue discount. Total debt service payments to maturity, as of June 30, 2014 and 2013, include CAB payments of $15,925,000 and $22,305,000, respectively, of which $900,000 and $3,525,000 are eligible for fee replacement appropriations, 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 certain designated housing facilities, parking facilities, and other auxiliary facilities along with certain research revenues and athletic revenues, and secondly, from other legally available funds of the university.

The Indiana University Building Corporation (IUBC) is an affiliated single-purpose Indiana not-for-profit corporation that was formed by the Trustees of Indiana University in 2008. The sole purpose of this entity 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. Lease purchase obligations (LPOs) or Certificates of Participation (COPs), collectively "Obligations", in lease payments between the university as lessee and IUBC as lessor are included in the outstanding indebtedness table under IC 21-33-3-5 and are classified as notes payable. Under the terms of the most recent applicable indenture, the university intends to issue this type of debt as LPOs and securities issued as COPs under all prior supplemental indentures will be on parity with, and refundable by LPOs. The credit and legal structure of the LPOs is identical to that of the COPs previously issued under prior applicable indentures.

(dollar amounts presented in thousands)

Bonding Authority	*Interest Rates*	*Final Maturity Year Ended*	*Principal Outstanding At June 30, 2014*	*Principal Outstanding At June 30, 2013*
Indiana Code 21-34-6 (Bonds: Student Fee Bonds)	0.56 to 6.40%	2033	$ 414,690	$ 448,520
Indiana Code 21-35-3 (Bonds: Consolidated Revenue Bonds)	2.00 to 5.64%	2038	391,820	410,895
Indiana Code 21-33-3-5 (Notes: Obligations - Lease Purchase Obligations and Certificates of Participation)	2.00 to 5.95%	2037	82,360	63,840
Subtotal bonds and notes payable			888,870	923,255
Add unamortized bond premium			56,936	60,476
Total bonds and notes payable			**$ 945,806**	**$ 983,731**

Certain reclassifications have been made to the prior year for comparative purposes and do not constitute a restatement of prior periods.

As of June 30, 2014, the university does not have any variable rate bonds, notes, or commercial paper outstanding. The principal and interest requirements to maturity for bonds and notes payable are as follows:

(dollar amounts presented in thousands)

Fiscal Year Ended June 30	*Bond Principal*	*Note Principal*	*Total Principal*	*Bond Interest*	*Note Interest*	*Total Interest*	*Total Debt Service Payments*
2015	$ 56,304	$ 2,800	$ 59,104	$ 39,377	$ 3,493	$ 42,870	$ 101,974
2016	56,216	3,535	59,751	37,157	3,417	40,574	100,325
2017	58,564	3,640	62,204	34,932	3,307	38,239	100,443
2018	60,261	3,745	64,006	32,529	3,172	35,701	99,707
2019	54,955	3,885	58,840	26,859	3,022	29,881	88,721
2020-2024	232,610	20,540	253,150	101,285	12,554	113,839	366,989
2025-2029	188,025	22,365	210,390	50,833	7,562	58,395	268,785
2030-2034	76,005	17,790	93,795	15,777	2,812	18,589	112,384
2035-2038	23,570	4,060	27,630	2,425	219	2,644	30,274
Total	**$ 806,510**	**$ 82,360**	**$ 888,870**	**$ 341,174**	**$ 39,558**	**$ 380,732**	**$1,269,602**

Bond and note interest shown above are reported gross of (before) any federal interest subsidy scheduled to be received on taxable Build America Bonds.

In prior years, the university has defeased several bond issues either with cash or by issuing new debt. United States Treasury obligations or federal agency securities have been purchased in amounts sufficient to pay principal and interest payments when due, through the maturity or call dates of the defeased bonds. These securities have been deposited in irrevocable trusts as required to defease the bonds. The defeased bonds and the related trusts balances are not reflected on the university's books.

As of June 30, 2014, the previously defeased bonds held in escrow have the following amounts of principal outstanding:

(dollar amounts presented in thousands)

Defeased Bonds (Refunded)	*Principal Outstanding*	*Call Date*
Student Fee Bonds, Series P	$ 71,215	8/1/2014
Student Fee Bonds, Series Q	20,270	8/1/2016
Student Fee Bonds, Series R	15,780	8/1/2016
Facility Revenue Bonds, Series 2004	9,705	11/15/2014
Student Residence System Bonds, Series 2004B	16,400	11/1/2014
Total Defeased Bonds	**$ 133,370**	

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 BAB 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 percent of the corresponding interest payable on the related BABs, subsidies that paid after February 28, 2013, were cut initially by 8.7% and then 7.2% due to the federal sequestration. Total federal interest subsidies that were originally scheduled to be received over the life of the BABs debt outstanding as of June 30, 2014, were $29,714,000. However, through June 30, 2014, BABs subsidies for Student Fee Bonds, Series T-2; Consolidated Revenue Bonds, Series 2010B; and Certificates of Participation, Series 2009B were reduced by $270,000. Subsequent to the financial reporting date, the BABs subsidy for Student Fee Bonds, Series T-2 was reduced by $35,000. BABs subsidies paid between October 1, 2014, and September 30, 2015, are scheduled to be reduced by 7.3% due to the federal sequestration. For fiscal year ending June 30, 2015, the total expected subsidy reductions due to the sequestration is $192,000, which is subject to changes enacted by Congress at subsequent dates.

On February 13, 2014, the university issued natural fixed rate Lease Purchase Obligations, Series 2014A with a par amount of $21,045,000. The proceeds financed the construction of University Hall on the IUPUI campus and costs to issue the bonds, including underwriters' discount. The true interest cost for the Obligations was 3.79%.

Note 8—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 $3,791,000 and $6,957,000 as of June 30, 2014 and 2013. Accumulated amortization of leased equipment totaled $1,699,000 and $3,913,000 at June 30, 2014 and 2013, 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.

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

(dollar amounts presented in thousands)

	Capital	*Operating*
2015	$ 846	$ 13,968
2016	560	8,664
2017	279	5,648
2018	103	4,045
2019	28	3,615
2020-2024	–	11,839
2025-2029	–	1,018
Total future minimum payments	1,816	**$ 48,797**
Less: interest	(103)	
Total principal payments outstanding	**$ 1,713**	

Note 9—Federal Obligations Under Student Loan Programs

Campus based student loans are funded by new allocations received from the federal government, as well as principal and interest collected from previous student loan recipients. The federal government advanced $396,000 and $144,000 for health professions and nursing loan programs for fiscal years ended June 30, 2014 and 2013, respectively.

Liabilities at June 30, 2014 and 2013, for loan programs were as follows:

(dollar amounts presented in thousands)

	June 30, 2014	*June 30, 2013*
Current portion of assets held in custody for others	$ 517	$ 524
Noncurrent liabilities:		
Federal share of interest	43,177	41,740
Perkins loans	16,712	17,028
Health professions loans	15,834	15,938
Nursing loans	1,987	1,971
Total noncurrent portion of assets held in custody for others	77,710	76,677
Total assets held in custody for others	**$ 78,227**	**$ 77,201**

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 $250,000 for each claim and $750,000 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 additional $1,000,000 coverage through commercial insurances.

The university has four health care plans for full-time appointed employees, one of which is also available to retirees not 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 15% of the paid self-funded claims during the fiscal year, and totals $25,969,000 and $25,133,000 at June 30, 2014 and 2013, respectively. In addition, a potential claims fluctuation liability of $9,876,000 has been recorded at June 30, 2014 and 2013.

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 international students, graduate assistants, fellowship recipients, and medical residents. These plans consist of fully insured and self-funded plans, along with a stop/loss provision. The university has recorded a liability for incurred but unpaid claims for university-sponsored, self-funded health care plans in the amount of $2,614,000 at June 30, 2014. Funding for the medical residents plan is provided by direct charge to the School of Medicine and the other plans are funded by direct charges to the associated schools and/or departments.

Note 11—Retirement Plans

The university provided retirement plan coverage to 18,691 and 18,494 active employees, as of June 30, 2014 and 2013, 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 1,000 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) with two distinct contribution provisions. The university contributed $621,000 during fiscal year ended June 30, 2014, to TIAA-CREF for the plan. The university contributed $132,000 during fiscal year ended June 30, 2014, to Fidelity Investments for the plan. Under this plan, 719 employees directed university contributions to TIAA-CREF as of June 30, 2014. In addition, 130 directed university contributions to Fidelity Investments as of June 30, 2014.

TIAA-CREF issues an annual financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. This report may be obtained by writing the Teachers Insurance and Annuity Association/College Retirement Equities Fund, 8500 Andrew Carnegie Blvd, Charlotte, NC 28262, by calling 1-800-842-2252, or by reviewing the annual report online at www.tiaa-cref.org/public/about/governance/corporate/annual-reports.

Fidelity Investments issues an annual financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. This report may be obtained by writing Fidelity Investments, 82 Devonshire Street, Boston, MA 02109, or by calling 1-800-343-0860.

Indiana Public Employee's 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 multiple-employer public employee retirement plans, which provide retirement benefits to plan members and beneficiaries. Support, technical, and service employees with at least a 50% full-time equivalent (FTE) appointment hired prior to July 1, 2013, participate in the PERF plan. There were 5,238 and 6,267 active university employees covered by this retirement plan as of June 30, 2014 and 2013, respectively. State statutes authorize the university to contribute to the plan and govern most requirements of the system. The PERF retirement benefit consists of the pension and an annuity savings account, both of which are funded by employer contributions. The annuity savings account consists of contributions set by state statute at three percent of compensation plus the earnings credited to members' accounts. The university has elected to make the contributions on behalf of the members. PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. This report may be obtained by writing the Public Employees Retirement Fund, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 1-888-526-1687, or by reviewing the Annual Report online at www.in.gov/inprs/annualreports.htm.

Contributions made by the university totaled $28,077,000 and $25,785,000 for fiscal years ended June 30, 2014 and 2013, respectively. This represented a 11.2% and 9.7% university pension benefit contribution for fiscal years ended June 30, 2014 and 2013, respectively, and a 3% university contribution for the annuity savings account provisions each year.

PERF Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The university's annual pension cost and related information, as provided by the actuary, is presented below.

The employer contributions required by the funding policy at actuarial determined rates are sufficient to fund the pension benefits when they become due. The amortization method and period are level dollar closed over 30 years. The actuarial cost method is entry age normal cost. The employer required contribution is determined using an asset smoothing method. The actuarial valuation date is June 30, 2013.

Actuarial assumptions include: (a) an investment rate of return of 6.75%, (b) projected salary increases of 3.25%-4.5%, and (c) a 1% cost of living increase granted in each future year, applying to current and future retirees.

(dollar amounts presented in thousands)

	Fiscal Year Ended	
	June 30, 2013[1]	*June 30, 2012*
Annual required contribution	$ 19,567	$ 22,735
Interest on net pension obligation	571	246
Adjustment to annual required contribution	(665)	(284)
Annual pension cost	19,473	22,697
Contributions made	(19,896)	(17,757)
Increase/(decrease) in net pension obligation	(423)	4,940
Net pension obligation, beginning of year	8,462	3,522
Net pension obligation, end of year	**$ 8,039**	**$ 8,462**

[1]*Actuarial data for 2014 was not available at the time of this report.*

(dollar amounts presented in thousands)

Fiscal Year Ended	*Annual Pension Cost (APC)*[2]	*Percentage of APC Net Pension Contributed*	*Net Pension Obligation*
June 30, 2011	$ 21,893	68%	$ 3,522
June 30, 2012	22,697	78%	8,462
June 30, 2013	19,473	102%	8,039

[2]*Does not reflect costs attributable to the university's 3% defined contribution benefit. See Indiana Public Employees' Retirement Fund above.*

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) with four contribution levels. The university contributed $60,129,000 during fiscal year ended June 30, 2014, and $61,118,000 during fiscal year ended June 30, 2013, to TIAA-CREF for the IU Retirement Plan. The university contributed $31,042,000 during fiscal year ended June 30, 2014, and $28,669,000, during fiscal year ended June 30, 2013, to Fidelity Investments for the IU Retirement Plan. Under this plan, 7,569 and 7,743 employees directed university contributions to TIAA-CREF as of June 30, 2014 and 2013, respectively. In addition, 5,791 and 5,185 employees directed university contributions to Fidelity Investments as of June 30, 2014 and 2013, respectively.

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 1,011 and 1,057 active employees on June 30, 2014 and 2013, respectively, covered by the IU Supplemental Early Retirement Plan (IUSERP), a defined contribution plan in compliance with IRC 401(a), with participant accounts at TIAA-CREF and Fidelity Investments. The university contributed $2,045,000 and $2,553,000 to IUSERP during fiscal years ended June 30, 2014 and 2013, 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, a combination of IRC Section 457(f) and Section 403(b) provisions. 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. During the fiscal year ended June 30, 2014, the university made total payments of $31,039,000 to 348 individuals receiving IU 18/20 Retirement Plan payments. During the fiscal year ended June 30, 2013, the university made total payments of $32,027,000 to 361 individuals receiving IU 18/20 Retirement Plan payments.

TIAA-CREF issues an annual financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. This report may be obtained by writing the Teachers Insurance and Annuity Association/College Retirement Equities Fund, 8500 Andrew Carnegie Blvd, Charlotte, NC 28262, by calling 1-800-842-2252, or by reviewing the annual report online at www.tiaa-cref.org/public/about/governance/corporate/annual-reports.

Fidelity Investments issues an annual financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. This report may be obtained by writing Fidelity Investments, 82 Devonshire Street, Boston, MA 02109, or by calling 1-800-343-0860.

IU Replacement Retirement Plan Funding Policy and Annual Pension Cost

The university has established an early retirement plan for eligible employees to accommodate IRS requirements and as authorized by the Trustees of Indiana University. This plan is called the IU Replacement Retirement Plan. It is a single-employer plan and is qualified under IRC Section 401(a), with normal benefits payable for the participant's lifetime. Trust and recordkeeping activities are outsourced to the TIAA-CREF Trust Company. As of June 30, 2014 and 2013, 87 and 95 employees, respectively, were eligible to participate. University contributions related to this plan totaled $1,130,000 and $1,611,000, for fiscal years ended June 30, 2014 and 2013, respectively, with no employee contributions. These amounts represent 100% of the funding policy contribution.

The following schedule shows the funding policy contributions for the fiscal years indicated for the IU Replacement Retirement Plan as provided by the actuarial valuation report prepared as of July 1, 2013, for the fiscal year ended June 30, 2014, prepared as of July 1, 2012, for the fiscal year ended June 30, 2013, and prepared as of July 1, 2011, for the fiscal year ended June 30, 2012:

(dollar amounts presented in thousands)

	Fiscal Year Ended		
	June 30, 2014	*June 30, 2013*	*June 30, 2012*
Cost of benefits earned during the year	$ 691	$ 796	$ 811
Amortization of unfunded actuarial accrued liabilities	370	716	664
Interest	69	98	96
Funding policy contribution	**$ 1,130**	**$ 1,610**	**$ 1,571**

The funded status of the IU Replacement Retirement Plan as provided by the actuarial valuation reports for fiscal years ended June 30, 2014, 2013, and 2012, are as follows:

(dollar amounts presented in thousands)

Actuarial Valuation Date	*July 1, 2013*	*July 1, 2012*	*July 1, 2011*
Actuarial accrued liability (AAL)	$ 21,438	$ 23,818	$ 23,034
Less actuarial valuation of plan assets	(16,896)	(14,838)	(14,558)
Unfunded actuarial liability	4,542	8,980	8,476
Actuarial value of assets as a percentage of AAL (funded ratio)	78.8%	62.3%	63.2%
Annual covered payroll	$ 8,411	$ 8,445	$ 8,679
Ratio of unfunded actuarial liability to annual covered payroll	54.0%	106.3%	97.7%

Actuarial assumptions include a 6.5% asset rate of return and future salary increases of 3% for the fiscal years ended June 30, 2014 and 2013. Liabilities are based on the projected unit credit method. The actuarial value of assets is equal to the fair market value on the valuation date adjusted for employer contributions receivable. Actuarial assumptions of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events including future employment and mortality, and are based on the substantive plan provisions.

Additional multiyear trend information regarding the funding progress of the IU Replacement Retirement Plan is provided immediately following the notes to the financial statements.

TIAA-CREF issues an annual financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. This report may be obtained by writing the Teachers Insurance and Annuity Association/College Retirement Equities Fund, 8500 Andrew Carnegie Blvd, Charlotte, NC 28262, by calling 1-800-842-2252, or by reviewing the annual report online at www.tiaa-cref.org/public/about/governance/corporate/annual-reports.

Note 12 – Postemployment Benefits

Plan Description

The university provides certain postemployment benefits for 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. 45, *Accounting and Financial Reporting by Employers 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: 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). 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 are benefits related to early retirement incentive plans, approved by executive management in fiscal years 2011 and 2014, which include 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 $2,503,000 and $2,018,000 in premiums during the fiscal years ended June 30, 2014 and 2013, respectively. The university contributed $51,780,000 and $51,608,000 to the consolidated OPEB Plan in fiscal years ended June 30, 2014 and 2013, respectively.

Annual OPEB Cost and Net OPEB Obligation

The university's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of twenty-five years.

The following table shows the university's annual OPEB cost for the year, the amount actually contributed to the plan, and the university's net OPEB obligation as provided by the actuarial results for the fiscal years ended June 30, 2014 and 2013, respectively:

(dollar amounts presented in thousands)

	Fiscal Year Ended	
	June 30, 2014	*June 30, 2013*
Annual OPEB cost	$ 55,623	$ 54,714
Less employer contributions	(51,780)	(51,608)
Increase in OPEB obligation	3,843	3,106
Net OPEB obligation, beginning of year	25,864	22,758
Net OPEB obligation, end of year	**$ 29,707**	**$ 25,864**
Percentage of annual OPEB cost contributed	**93.09%**	**94.32%**

Funded Status and Funding Progress

The funding progress of the plan as of the most recent and preceding valuation date are as follows:

(dollar amounts presented in thousands)

Actuarial Valuation Date	*Actuarial Value of Assets (a)*	*Actuarial Accrued Liability (AAL) (b)*	*Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)*	*Funded Ratio (a/b)*	*Covered Payroll (c)*	*UAAL as Percentage of Covered Payroll ((b-a) / c)*
July 1, 2013	–	$ 364,137	$ 364,137	0.0%	$ 1,042,446	34.9%
July 1, 2012	–	390,227	390,227	0.0%	1,013,726	38.5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the university are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, represents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the university and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the university and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The projected unit credit cost method was used in the June 30, 2014, actuarial valuation. The actuarial assumptions include a 4.5% investment rate of return, which is a blended rate of (1) the expected long-term investment returns on plan assets and (2) the university's investments which is calculated based on the funded level of the Plan at June 30, 2014; and an annual healthcare cost trend rate that ranges from 9.0% in fiscal year 2015 to 5.0% in fiscal year 2023. The rate includes a 3% inflation assumption. The Unfunded Actuarial Accrued Liability is being amortized over 25 years using level dollar amounts on an open group basis.

Note 13—Termination Benefits

In fiscal year 2014, the university offered an Early Retirement Incentive Plan (ERIP).

The ERIP provided three benefits not normally provided to separating employees:
1. A lump sum income replacement payment
2. Five years of annual contributions to a health reimbursement account (HRA) account that reimburses employees, based on their current medical plan enrollment, for some healthcare expenses, such as premiums, deductibles, and copays
3. The option to continue in an IU-sponsored medical plan until age 65. Employees with IU Retiree Status could opt to participate in a post-65 Medicare supplement medical plan. The opting employees would need to pay their respective full premium amounts to receive this benefit.

Depending on the eligibility criteria of the participating employees, the early retirement became effective from one of two dates, as shown in the table below:

Retirement Date	Number of ERIP participants
December 31, 2013	108
May 31, 2014	212
Total	**320**

In fiscal year 2014, the university recognized the expense for the income replacement payments for all employees participating in the ERIP. The actuarial accrued liability associated with other post-employment benefits was increased by $6,134,000 for health reimbursement account contributions.

Note 14—Related Organization

The university is a major beneficiary of the Riley Children's Foundation, of which a majority of the board of directors is appointed by, or serve by virtue of position with, Indiana University. Riley Children's Foundation net assets were $349,556,000 and $313,697,000 at June 30, 2014 and 2013, respectively. Riley Children's Foundation net assets are not included in the financial statements of the university.

Note 15—Functional Expenses

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

Fiscal year ended June 30, 2014
(dollar amounts presented in thousands)

	Natural Classification						
Functional Classification	*Compensation & Benefits*	*Utilities*	*Supplies & Expenses*	*Scholarships & Fellowships*	*Depreciation*	*Travel*	*Total*
Instruction	$ 886,362	$ 905	$ 123,391	$ 13,443	$ –	$ 18,581	$ 1,042,682
Research	148,309	51	79,577	2,686	–	5,799	236,422
Public service	76,680	327	53,166	2,515	–	4,050	136,738
Academic support	290,806	50	82,879	3,079	–	8,222	385,036
Student services	69,026	13	29,282	1,723	–	2,262	102,306
Institutional support	92,446	70	32,401	50	–	1,436	126,403
Physical plant	93,482	72,204	62,864	4	–	320	228,874
Scholarships & fellowships	11,688	–	1,331	123,277	–	112	136,408
Auxiliary enterprises	181,633	3,741	99,732	5,755	–	8,058	298,919
Depreciation	–	–	–	–	145,158	–	145,158
Total operating expenses	**$ 1,850,432**	**$ 77,361**	**$ 564,623**	**$ 152,532**	**$ 145,158**	**$ 48,840**	**$ 2,838,946**

Fiscal year ended June 30, 2013

(dollar amounts presented in thousands)

	Natural Classification						
Functional Classification	*Compensation & Benefits*	*Utilities*	*Supplies & Expenses*	*Scholarships & Fellowships*	*Depreciation*	*Travel*	*Total*
Instruction	$ 864,284	$ 979	$ 110,606	$ 13,864	$ –	$ 17,923	$ 1,007,656
Research	153,421	54	84,653	3,301	–	6,448	247,877
Public service	84,241	324	57,131	3,032	–	4,078	148,806
Academic support	256,391	42	59,769	4,380	–	6,889	327,471
Student services	73,116	10	24,342	1,189	–	2,050	100,707
Institutional support	81,339	626	36,364	1,006	–	1,985	121,320
Physical plant	79,566	64,697	66,018	4	–	166	210,451
Scholarships & fellowships	11,288	–	1,318	126,259	–	164	139,029
Auxiliary enterprises	178,327	3,772	81,612	6,205	–	7,542	277,458
Depreciation	–	–	–	–	140,766	–	140,766
Total operating expenses	**$ 1,781,973**	**$ 70,504**	**$ 521,813**	**$ 159,240**	**$ 140,766**	**$ 47,245**	**$ 2,721,541**

Note 16—Segment Information

A segment is an identifiable activity reported as a stand-alone entity for which one or more bonds are outstanding, with a revenue stream pledged in support of the debt. The primary source of repayment of these bonds is pledged net income from certain parking and housing operations, including campuses for which bonds are no longer outstanding. Facilities Revenue Bonds carry a pledge of net income from the Parking System. Student Residence System Bonds carry a pledge of net income from the Student Residence System. The university has Facilities Revenue Bonds and Student Residence System Bonds outstanding related to the following auxiliary enterprise activities:

- Parking operations on the IUPUI and South Bend campuses providing parking services to students, staff, faculty, and the general public.
- Housing operations on the IUPUI campus providing housing primarily to students.

Condensed financial statements for Parking and Housing Operations are as follows:

(dollar amounts presented in thousands)

Condensed Statement of Net Position	*Parking Operations*		*Housing Operations*	
	June 30, 2014	*June 30, 2013*	*June 30, 2014*	*June 30, 2013*
Assets				
Current assets	$ 32,086	$ 29,558	$ 100,352	$ 92,695
Capital assets, net	87,469	90,816	206,368	221,499
Total assets	**119,555**	**120,374**	**306,720**	**314,194**
Deferred outflows of resources	**679**	**773**	**1,777**	**2,013**
Liabilities				
Current liabilities	6,890	6,990	7,302	7,904
Noncurrent liabilities	48,205	53,722	102,866	108,278
Total liabilities	**55,095**	**60,712**	**110,168**	**116,182**
Net position				
Net investment in capital assets	34,754	32,841	100,337	110,544
Unrestricted	30,385	27,594	97,992	89,481
Total net position	**$ 65,139**	**$ 60,435**	**$ 198,329**	**$ 200,025**

Certain reclassifications have been made to the prior year for comparative purposes and do not constitute a restatement of prior periods.

(dollar amounts presented in thousands)

Condensed Statement of Revenues, Expenses, and Changes in Net Position	Parking Operations		Housing Operations	
	Fiscal Year Ended		Fiscal Year Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Operating revenues	$ 25,451	$ 25,326	$ 74,477	$ 73,702
Depreciation expense	(4,042)	(3,985)	(6,340)	(6,151)
Other operating expenses	(13,481)	(12,734)	(48,354)	(46,446)
Net operating income	**7,928**	**8,607**	**19,783**	**21,105**
Nonoperating revenues (expenses)				
Grants, contracts, and other revenues	176	182	1,086	1,119
Interest expense	(2,165)	(2,429)	(5,044)	(5,457)
Net nonoperating revenues (expenses)	**(1,989)**	**(2,247)**	**(3,958)**	**(4,338)**
Other revenues				
Capital gifts and grants	–	250	–	–
Net other revenues	**–**	**250**	**–**	**–**
Net transfers	**(1,235)**	**(544)**	**(17,521)**	**6,396**
Increase (decrease) in net position	**4,704**	**6,066**	**(1,696)**	**23,163**
Net position				
Net position, beginning of year	60,435	54,369	200,025	176,862
Net position, end of year	**$ 65,139**	**$ 60,435**	**$ 198,329**	**$ 200,025**

(dollar amounts presented in thousands)

Condensed Statement of Cash Flows	Parking Operations		Housing Operations	
	Fiscal Year Ended		Fiscal Year Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Operating activities	$ 12,818	$ 11,905	$ 26,240	$ 25,342
Noncapital financing activities	177	182	1,086	1,119
Capital and related financing activities	(10,187)	(10,009)	(19,559)	(16,081)
Net increase in cash	**2,808**	**2,078**	**7,767**	**10,380**
Beginning cash and cash equivalent balances	28,149	26,071	91,176	80,796
Ending cash and cash equivalent balances	**$ 30,957**	**$ 28,149**	**$ 98,943**	**$ 91,176**

Total revenue-backed debt for capital financing of parking and housing auxiliary activities was outstanding in the amount of $3,440,000 at June 30, 2014, with remaining terms of 5 months. Total revenue-backed debt for capital financing of parking and housing auxiliary activities was outstanding in the amount of $7,180,000 at June 30, 2013, with remaining terms of 1 year. Revenues of the activities are sufficient to meet the principal and interest requirements for the debt.

Note 17—Commitments and Loss Contingencies

The university had outstanding commitments for capital construction projects of $137,775,000 and $58,580,000 at June 30, 2014 and 2013, respectively.

Based on information available at the financial report date, it is reasonably possible that the university will be obligated to repay funds received under a sponsored award under which the university served as the "prime recipient." The amount of the repayment obligation is not known as of the financial report date. The current version of the sponsored award audit report, described by the audit firm as "final draft," indicates that the university will have an obligation of up to $31,000,000 in connection with questioned costs of subgrantees in an external audit. Final determination of the questioned costs, and therefore, the university's repayment obligation is not known as of the financial report date. The final amount may be reduced during audit resolution process which occurs once the sponsored award audit report is final. As of the financial report date, it is also not known to what extent IU's repayment will be reimbursed in whole or part by the subgrantees that incurred the questioned costs.

Note 18—Subsequent Event

On August 22, 2014, Indiana University Research and Technology Corporation and Indiana University Health announced the closure of the Indiana University Health Proton Therapy Center. At the same time, the university announced the closure of the IU Cyclotron. Both facilities will cease operations on December 5, 2014. The Cyclotron has approximately $15,500,000 of assets being used for operations. The university will participate in providing severance payments to eligible staff at both facilities. At the time of closure, the university anticipates additional costs will be incurred to decommission the facility. The university is currently assessing the impact of this closure.

1. ORGANIZATION AND OPERATIONS

The Indiana University Foundation, Inc. (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 property 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 from time to time.

4. INVESTMENTS

A summary of total investment income for the years ended June 30, 2014 and 2013 is as follows (dollar amounts presented in thousands):

	2014	2013
Dividend, interest and other investment income	$ 8,772	$ 9,767
Net realized and unrealized gains (losses) on investments	255,266	155,663
Outside investment management fees	(4,778)	(5,520)
Total investment income, including net gains (losses) — net of outside investment management fees	$ 259,260	$ 159,910

The Foundation's investments recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. The following tables present information about the Foundation's investments by security type measured at fair value as of June 30, 2014 and 2013 (dollar amounts presented in thousands):

	2014			
	Level 1	Level 2	Level 3	Total
Domestic equities	$ 352,023	$ 135,812	$ 483	$ 488,318
International equities	281,654	52,891	-	334,545
Domestic fixed income	67,312	218,465	2,113	287,890
International fixed income	-	39,407	-	39,407
Cash equivalents	33,122	-	-	33,122
Alternative investments:				
Hedged equity funds	-	-	120,316	120,316
Absolute return funds	-	-	277,944	277,944
Venture capital funds	-	-	122,883	122,883
Buyout funds	-	-	131,693	131,693
Distressed/special situation funds	-	-	42,562	42,562
Real estate funds	-	-	95,181	95,181
Alternative fixed income	-	-	15,704	15,704
Natural resource funds	-	-	99,465	99,465
Public inflation hedge	-	40,027	-	40,027
Direct commercial real estate	-	-	17,878	17,878
Mortgage securities	-	-	683	683
Total	$ 734,111	$ 486,602	$ 926,905	$ 2,147,618

	2013			
	Level 1	Level 2	Level 3	Total
Domestic equities	$ 313,477	$ 68,537	$ 552	$ 382,566
International equities	294,412	-	-	294,412
Domestic fixed income	95,603	146,761	2,768	245,132
International fixed income	-	58,037	-	58,037
Cash equivalents	21,825	-	-	21,825
Alternative investments:				
Hedged equity funds	-	-	114,709	114,709
Absolute return funds	-	-	254,715	254,715
Venture capital funds	-	-	100,497	100,497
Buyout funds	-	-	129,125	129,125
Distressed/special situation funds	-	-	58,626	58,626
Real estate funds	-	-	95,126	95,126
Natural resource funds	-	-	79,755	79,755
Public inflation hedge	-	19,739	-	19,739
Direct commercial real estate	-	-	20,129	20,129
Mortgage securities	-	-	690	690
Total	$ 725,317	$ 293,074	$ 856,692	$ 1,875,083

There were no significant transfers between Levels 1 and 2 for the years ended June 30, 2014 and 2013. Transfers into Level 3 for the year ended June 30, 2013 of $187,852, were the result of a change in categorization from Level 2 to Level 3 for those funds valued using NAV

per share (or its equivalent) based on redemption liquidity restrictions. Changes in Level 3 assets measured at fair value as of and for the years ended June 30, 2014 and 2013 follow (dollar amounts presented in thousands):

	2014	2013
Beginning balance	$ 856,692	$ 557,230
Realized and unrealized gains	117,519	90,312
Purchases	82,479	126,894
Sales	(129,785)	(105,596)
Transfers in	-	187,852
Ending balance	$ 926,905	$ 856,692

Included in the Statements of Financial Position and Statement of Activities is the fair value of derivative instruments and the related net gain (loss) as of and for the years ended June 30, 2014 and 2013. The gross and net credit risk associated with the related counterparties on these open derivative positions is insignificant. The market risk is directly linked with exchange rates or market interest rates as the underlying securities bear a fixed rate of interest.

The following tables present the Foundation's derivatives instrument, net gain (loss), and net asset classifications as of and for the years ended June 30, 2014 and 2013 (dollar amounts presented in thousands):

Derivative Instruments as of and for the year ended June 30, 2014:

Description	Assets	Balance Sheet Location	Liabilities	Balance Sheet Location	Net Fair Market Value	Net Gain (Loss) [a]
Currency Instruments:						
Foreign Exchange Contracts	$ 11,183	Accounts receivable and other assets	$ 11,185	Accounts payable and other	$ (2)	$ (380)
Fixed Income Instruments:						
Swap contracts	789	Accounts receivable and other assets	151	Accounts payable and other	638	568
Futures contracts	358	Investments	337	Investments	21	9,033
Forward contracts	5,077	Accounts receivable and other assets	5,069	Accounts payable and other	8	281
Total	$ 17,407		$ 16,742		$ 665	$ 9,502

Offsetting of Derivative Assets as of June 30, 2014:

Description	Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amount Presented in the Statement of Financial Position
Futures	$ 358	$ 337	$ 21
	$ 358	$ 337	$ 21

Derivative Instruments as of and for the year ended June 30, 2013:

Description	Assets	Balance Sheet Location	Liabilities	Balance Sheet Location	Net Fair Market Value	Net Gain (Loss) [a]
Currency Instruments:						
Futures contracts	$ 337	Investments	$ -	Investments	$ 337	$ 523
Forward contracts	13,032	Accounts receivable and other assets	13,213	Accounts payable and other	(181)	500
Total	$ 13,369		$ 13,213		$ 156	$ 1,023

Offsetting of Derivative Assets as of June 30, 2013:

Description	Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amount Presented in the Statement of Financial Position
Futures	$ 337	$ (337)	$ -
	$ 337	$ (337)	$ -

(a) Net gain (loss) on all derivative financial instruments is reported in investment income on the Statement of Activities.

The Foundation's alternative investments include investments in: (1) private equity such as venture capital and leveraged buyout funds; (2) absolute return/hedged equity strategies; and (3) inflation hedge strategies, including real estate and natural resources. These investments are valued at NAV per share or its equivalent. The Foundation's asset allocation policy allocates up to 51% in these types of investments. A summary of the alternative investments categorized by major security type, with a description of the investment managers' strategies, and the nature of any restrictions to redeem the investment value as of June 30, 2014 and 2013 follows (dollar amounts presented in thousands):

	2014		2013		
	Fair Value	Unfunded Commitments	Fair Value	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedged equity funds [(a)]	$120,316	$ -	$114,708	monthly, quarterly, semi-annually, annually	30–90 days
Absolute return funds [(b)]	277,944	2,559	254,715	monthly, quarterly, semi-annually, annually	33–95 days
Venture capital funds [(c)]	122,883	56,439	100,497		
Buyout funds [(d)]	131,693	67,400	129,125		
Distressed/special situation funds [(e)]	42,562	26,777	58,626		
Real estate funds [(f)]	95,181	34,547	95,126		
Alternative fixed income [(g)]	15,704	14,883	-		
Natural resources funds [(h)]	99,465	51,143	79,755		
Public inflation hedge [(i)]	40,027	-	19,739	monthly	10 days
Total	$945,775	$ 253,748	$852,291		

(a) 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. The fair values of the investments in this category are based on the net asset value per share of the investment.

(b) 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. The fair values of the investments in this category are based on the net asset value per share of the investment. As of June 30, 2014, 58% of the total Marketable Alternative Investments (hedged equity and absolute return) could be redeemed in 0-6 months, an additional 20% could be redeemed between 7-12 months, another 13% could be redeemed between 13-24 months, and 5% could be redeemed between 25- 36 months. The remaining 4% is designated as illiquid investments.

(c) This category includes funds which invest 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. It is probable that the investments in this category will ultimately be sold at a value that is different from the net asset value of the Foundation's ownership interest as of June 30, 2014.

(d) This category includes private equity funds that invest across sectors primarily in the United States, but also Asia and Europe. 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. It is probable that the investments in this category will ultimately be sold at a value that is different from the net asset value of the Foundation's ownership interest as of June 30, 2014.

(e) This category includes funds that are focused on distressed or secondary investments. The typical life of a partnership is 10 years but is subject to extensions. It is probable that the investments in this category will ultimately be sold at a value that is different from the net asset value of the Foundation's ownership interest as of June 30, 2014.

(f) This category includes funds that invest 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. Publicly traded REIT funds have daily liquidity. The typical life of a partnership is 10 years but is subject to extensions. It is probable that the investments in this category will ultimately be sold at a value that is different from the net asset value of the Foundation's ownership interest as of June 30, 2014.

(g) This category includes funds 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 5 years but is subject to extensions. It is probable that the investments in this category will ultimately be sold at a value that is different from the net asset value of the Foundation's ownership interest as of June 30, 2014.

(h) This category includes funds that are focused on direct 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 will provide an income stream as the underlying commodity is harvested/sold. It is probable that the investments in this category will ultimately be sold at a value that is different from the net asset value of the Foundation's ownership interest as of June 30, 2014.

(i) This category includes funds that invest in equity and equity-related securities, commodity derivatives, fixed income obligations, and derivatives related to equity, fixed income, and commodity securities.

8. RESTRICTED NET ASSETS

The income generated from restricted net assets is used in accordance with the donors' time or purpose restrictions. Foundation and University permanently restricted assets are held in perpetuity. A summary of restricted net assets and the related donor imposed restrictions as of June 30, 2014 and 2013 are as follows (dollar amounts presented in thousands):

	2014	
	Temporarily Restricted	Permanently Restricted
Foundation operations	$ 9,247	$ 25,512
University programs:		
Awards	7,327	9,542
Capital and capital improvements	116,697	2,515
Fellowships/lectureships	22,744	99,260
General endowments	273,850	283,792
Medical practice plans	40,092	-
Operations	74,692	5,456
Professorships/chairs	124,508	328,107
Research	34,908	59,183
Scholarships	137,045	459,334
Total	$ 841,110	$ 1,272,701

	2013	
	Temporarily Restricted	Permanently Restricted
Foundation operations	$ 7,925	$ 22,209
University programs:		
Awards	6,742	8,316
Capital and capital improvements	74,316	2,261
Fellowships/lectureships	21,256	84,121
General endowments	259,306	246,326
Medical practice plans	33,026	-
Operations	82,292	4,040
Professorships/chairs	116,176	290,236
Research	31,637	50,253
Scholarships	130,223	391,875
Total	$ 762,899	$ 1,099,637

10. PROGRAM EXPENDITURES

Program expenditures include support for Foundation and University programs. Foundation programs include: real estate, the Student Foundation, air services, women's programs and other miscellaneous programs. These University-related program expenditures primarily support "Grants and aid to the University" and "Endowment and capital additions for the University." For the years ended June 30, 2014 and 2013, a summary of these expenditures follows (dollar amounts presented in thousands):

	2014 Unrestricted		
	Foundation	University (a)	Total
Program expenditures:			
Foundation programs:			
Real estate	$ 1,901	$ -	$ 1,901
Student Foundation	531	-	531
Air services	1,266	-	1,266
Women's programs	48	-	48
Miscellaneous	21	-	21
	3,767	-	3,767
Grants and aid to the University — operating support:			
University support	560	30,459	31,019
Student scholarship and financial aid	6	40,444	40,450
Faculty support	-	25,321	25,321
Faculty research	-	13,575	13,575
	566	109,799	110,365
Endowment and capital additions for the University — land, building and equipment purchases	-	30,866	30,866
Total program expenditures	$ 4,333	$ 140,665	$ 144,998

	2013 Unrestricted		
	Foundation	University (a)	Total
Program expenditures:			
Foundation programs:			
Real estate	$ 2,877	$ -	$ 2,877
Student Foundation	546	-	546
Air services	736	-	736
Women's programs	151	-	151
Miscellaneous	17	-	17
	4,327	-	4,327
Grants and aid to the University — operating support:			
University support	1,771	29,877	31,649
Student scholarship and financial aid	6	36,739	36,745
Faculty support	109	15,023	15,131
Faculty research	-	8,203	8,203
	1,886	89,842	91,728
Endowment and capital additions for the University — land, building and equipment purchases	-	15,884	15,884
Total program expenditures	$ 6,213	$ 105,726	$ 111,939

(a) These expenditures relate to temporarily restricted University net assets reclassified to unrestricted as the time or purpose restrictions are met. These amounts are included in the Statements of Activities as net assets released from restriction.

Required Supplementary Information

Schedule of Funding Progress for IU Replacement Retirement Plan:

(dollar amounts presented in thousands)

Actuarial Valuation Date	*Actuarial Value of Assets (a)*	*Actuarial Accrued Liability (AAL) (b)*	*Unfunded AAL (UAAL) (b - a)*	*Funded Ratio (a/b)*	*Covered Payroll (c)*	*UAAL as Percentage of Covered Payroll ((b-a) / c)*
7/1/2013	$ 16,896	$ 21,438	$ 4,542	78.8%	$ 8,411	54.0%
7/1/2012	14,838	23,818	8,980	62.3%	8,445	106.3%
7/1/2011	14,558	23,034	8,476	63.2%	8,679	97.7%

Schedule of Funding Progress for Other Postemployment Benefit Plans:

(dollar amounts presented in thousands)

Actuarial Valuation Date	*Actuarial Value of Assets (a)*	*Actuarial Accrued Liability (AAL) (b)*	*Unfunded AAL (UAAL) (b - a)*	*Funded Ratio (a/b)*	*Covered Payroll (c)*	*UAAL as Percentage of Covered Payroll ((b-a) / c)*
7/1/2013	–	$ 364,137	$ 364,137	0.0%	$ 1,042,446	34.9%
7/1/2012	–	390,227	390,227	0.0%	1,013,726	38.5%
7/1/2011	–	414,985	414,985	0.0%	984,200	42.2%

Schedule of Funding Progress for Public Employees' Retirement Fund:

(dollar amounts presented in thousands)

Actuarial Valuation Date	*Actuarial Value of Assets (a)*	*Actuarial Accrued Liability (AAL) (b)*	*Unfunded AAL (UAAL) (b - a)*	*Funded Ratio (a/b)*	*Covered Payroll (c)*	*UAAL as Percentage of Covered Payroll ((b-a) / c)*
6/30/2013	$ 129,927	$ 251,660	$ 121,733	51.6%	$ 201,139	60.5%
6/30/2012	175,411	370,470	195,059	47.3%	211,519	92.2%
6/30/2011	214,453	379,812	165,359	56.5%	215,496	76.7%

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for fiscal year ended June 30, 2014

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J Thomas Forbes, Executive Director, IU Alumni Association
Daniel C. Smith, President, IU Foundation

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Bryan Hall 212
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Bloomington, IN 47405-7000
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Associate Vice President and University Controller
Financial Management Services
Poplars 519
Indiana University
Bloomington, IN 47405-3085
http://fms.iu.edu

Admissions
Vice Provost for Enrollment Management
Office of Admissions
300 N. Jordan Ave.
Indiana University
Bloomington, IN 47405-1106
http://admissions.indiana.edu

Gifts
Indiana University Foundation
Showalter House
P.O. Box 500
Bloomington, IN 47402-0500
http://iufoundation.iu.edu/

Grants
Vice President for Research
Carmichael Center Suite 202
530 E. Kirkwood Avenue
Bloomington, IN 47408-4003
http://www.iu.edu/~vpr/contact.shtml

Athletics
Athletics Media Relations
Assembly Hall
1001 East 17th Street
Indiana University
Bloomington, IN 47408
http://www.iub.edu/athletic/

Alumni
Alumni Association
1000 East 17th Street
Indiana University
Bloomington, IN 47408
http://alumni.indiana.edu

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF INDENTURE AND LEASES

INDENTURE

The following is a brief summary of certain provisions of the Indenture and does not purport to comprehensively describe that document in its entirety.

Definitions

As used in this Appendix the following definitions shall apply:

"2003 Assignment" means the Assignment of 2003 Lease from the Foundation to the Trustee, dated as of February 15, 2003.

"2003 Lease" means the Amended and Restated Lease-Purchase Agreement dated as of February 15, 2003, by and between the Corporation and IUBC (as successor to the Foundation), as supplemented by the Addendum, and as the same may be amended, modified or supplemented by any amendments or modifications thereof and supplements thereto entered into in accordance with the provisions thereof.

"2003 Project" means the land, buildings, structures, furnishings, equipment and other improvements and facilities constituting the improvements to the Biotechnology Research and Training Center, leased under the 2003 Lease.

"2009 Assignment" means the Assignment of 2009 Leases from IUBC to the Trustee, dated as of November 15, 2009.

"2009 Leases" means the ALF-II Lease, the Cinema-Theatre Lease and the HPER Lease.

"2009 Prime Leases" means the three Leases, each dated as of November 15, 2009, by and between the Corporation and IUBC relating to the 2009 Projects, as the same may be amended, modified or supplemented by any amendments or modifications thereof and supplements thereto entered into in accordance with the provisions thereof.

"2009 Projects" means the ALF-II Project, the Cinema-Theatre Project and the HPER Project.

"2009B Certificates" or "2009B Participation Certificates" means $18,420,000 Taxable Certificates of Participation, Series 2009B (Build America Certificates - Direct Pay Option) evidencing a proportionate interest of the owners thereof in rental payments under the 2009 Leases to be made by the Corporation, as Lessee.

"2012 Assignment" means the Assignment of 2012 Lease from IUBC to the Trustee, dated as of January 1, 2012.

"2012 Lease" means the Lease Purchase and Sublease Agreement dated as of January 1, 2012 between IUBC as Lessor and the Corporation as Lessee regarding the 2012 Project.

"2012 Prime Lease" means the Lease dated as of January 1, 2012 between the Corporation and IUBC relating to the 2012 Project, as the same may be amended, modified or supplemented by any amendments or modifications thereof and supplements thereto entered into in accordance with the provisions thereof.

"2012 Project" means the building, structures and improvements constituting the Andy Mohr Field (Baseball) and Bart Kaufman Field (Softball) Complex on the Bloomington Campus of Indiana University financed by the 2012A Certificates and leased under the 2012 Lease.

"2012A Certificates or "Series 2012A Certificates" means the $23,750,000 Certificates of Participation, Series 2012A, evidencing a proportionate interest of the owners thereof in certain rental payments under the 2003 Lease and the 2012 Lease to be made by the Corporation, as Lessee.

"2013A Assignment" means the Assignment of 2013A Lease from IUBC to the Trustee, dated as of March 1, 2013.

"2013A Certificates" or "Series 2013A Certificates" means the Certificates of Participation, Series 2013A, evidencing a proportionate interest of the owners thereof in certain rental payments under the 2013A Lease to be made by the Corporation, as Lessee.

"2013A Lease" means the Lease Purchase and Sublease Agreement dated as of March 1, 2013 between IUBC as Lessor and the Corporation as Lessee regarding the 2013A Project.

"2013A Prime Lease" means the Lease dated as of March 1, 2013 between the Corporation and IUBC relating to the 2013A Project, as the same may be amended, modified or supplemented by any amendments or modifications thereof and supplements thereto entered into in accordance with the provisions thereof.

"2013A Project" means the building, structures and improvements constituting the Global and International Studies Building on the Bloomington Campus of Indiana University financed by the 2013A Certificates and leased under the 2013A Lease.

"2014A Assignment" means the Assignment of 2014A Lease from IUBC to the Trustee, dated as of February 1, 2014.

"2014A Lease" means the Lease Purchase and Sublease Agreement dated as of February 1, 2014 between IUBC as Lessor and the Corporation as Lessee regarding the 2014A Project.

"2014A Obligations" or "Series 2014A Obligations" means the Lease Purchase Obligations, Series 2014A, evidencing a proportionate interest of the owners thereof in certain rental payments under the 2014A Lease to be made by the Corporation, as Lessee.

"2014A Prime Lease" means the Lease dated as of February 1, 2014 between the Corporation and IUBC relating to the 2014A Project, as the same may be amended, modified or supplemented by any amendments or modifications thereof and supplements thereto entered into in accordance with the provisions thereof.

"2014A Project" means the building, structures and improvements constituting University Hall on the IUPUI Campus of Indiana University financed by the 2014A Obligations and leased under the 2014A Lease.

"2015A Assignment" means the Assignment of 2015A Lease from IUBC to the Trustee, dated as of May 1, 2015.

"2015A Lease" means the Lease Purchase and Sublease Agreement dated as of May 1, 2015 between IUBC as Lessor and the Corporation as Lessee regarding the 2015A Project.

"2015A Obligations" or "Series 2015A Obligations" means the Lease Purchase Obligations, Series 2015A, evidencing a proportionate interest of the owners thereof in certain rental payments under the 2015A Lease to be made by the Corporation, as Lessee.

"2015A Prime Lease" means the Lease dated as of May 1, 2015 between the Corporation and IUBC relating to the 2015A Project, as the same may be amended, modified or supplemented by any amendments or modifications thereof and supplements thereto entered into in accordance with the provisions thereof.

"2015A Project" means the renovation and equipping of building, structures and improvements constituting the Assembly Hall Renovation Project on the Bloomington Campus of Indiana University financed by the 2015A Obligations and leased under the 2015A Lease.

"ALF-II Lease" means the Lease Purchase and Sublease Agreement dated as of November 15, 2009 between IUBC as lessor and the Corporation as lessee regarding the ALF-II Project, as described therein.

"Addendum" means the Addendum dated as of January 1, 2012, to the 2003 Lease.

"Additional Leases" means additional lease-purchase agreements from IUBC to the Corporation which are assigned to the Trustee pursuant to supplements to the Indenture and in connection with Additional Obligations.

"Additional Obligations" means Obligations in addition to the 2009B Certificates, the 2012A Certificates, the 2013A Certificates, the 2014A Obligations and the 2015A Obligations issued pursuant to the Indenture.

"Amended Indenture" means the Amended and Restated Trust Indenture between IUBC and the Trustee dated as of June 1, 2009, as the same may be amended, modified or supplemented by any amendments or modifications thereof and supplements thereto entered into in accordance with the provisions thereof.

"Assignment" means the Assignment of each Lease to the Trustee.

"Authorized Denomination" of the 2015A Obligations means $5,000 or any integral multiple thereof.

"Certificates" means the 2009B Certificates, the 2012A Certificates and the 2013A Certificates.

"Cinema-Theatre Lease" means the Lease Purchase and Sublease Agreement dated as of November 15, 2009 between IUBC as lessor and the Corporation as lessee regarding the Cinema-Theatre Project, as described therein.

"Completion Certificate" means, with respect to the 2015A Project, a certificate of the Corporation and IUBC that the acquisition, renovation and equipping of the 2015A Project has been substantially completed in accordance with the plans and specifications therefor.

"Completion Date" means, with respect to the 2015A Project, the date on which the construction of the 2015A Project is substantially completed as endorsed on the 2015A Lease, and the date of delivery of the Completion Certificate therefor.

"Construction Account" means the Construction Account of the Project Fund under the Indenture.

"Corporation" or "Lessee" means The Trustees of Indiana University, a body politic created by the General Assembly of the State of Indiana, and its lawful successors.

"Debt Service Fund" means the Debt Service Fund under the Indenture.

"Eligible Investments" means as to the Debt Service Fund and the Project Fund (i) obligations issued or guaranteed by the United States of America or any instrumentality thereof including Federal Farm Credit Banks and Federal Home Loan Banks, (ii) certificates of deposit issued by any savings and loan association, bank or trust company, including the Trustee, organized under the laws of the United States or any state thereof, with a capital and surplus of at least $25,000,000, (iii) repurchase agreements issued by savings and loan associations, banks, trust companies (including the Trustee), or government securities dealers, which repurchase agreements are fully collateralized at market value by obligations of the type specified in (i) above, and (iv) money market funds, mutual

funds or trust funds (including those of the Trustee) the assets of which consist of obligations of the type specified in (i), (ii), or (iii) above.

"Expense Account" means the Expense Account of the Project Fund under the Indenture.

"Extraordinary Services" and "Extraordinary Expenses" means all services rendered and all reasonable expenses properly incurred by the Trustee under the Indenture other than Ordinary Services and Ordinary Expenses.

"First Supplemental Indenture" means the First Supplemental Indenture dated as of November 15, 2009 to the Amended Indenture as it may subsequently be amended and supplemented.

"Fifth Supplemental Indenture" means the Fifth Supplemental Indenture dated as of February 1, 2014, to the Second Restatement, as it may subsequently be amended and supplemented.

"Foundation" means Indiana University Foundation as the original lessor and its lawful successors and assigns, including any surviving, resulting or transferee corporation.

"Fourth Supplemental Indenture" means the Fourth Supplemental Indenture dated as of March 1, 2013, to the Amended Indenture, as it may subsequently be supplemented or amended.

"HPER Lease" means the Lease Purchase and Sublease Agreement dated as of November 15, 2009 between IUBC as lessor and the Corporation as lessee regarding the HPER Project, as described therein.

"IUBC" means the Indiana University Building Corporation, an Indiana non-profit corporation, as successor to the Foundation, and its lawful successors and assigns.

"Indenture" means the Original Indenture as amended and restated by the Amended Indenture, and as further amended and restated by the Second Restatement, as the same may be amended, modified or supplemented by any amendments or modifications thereof and supplements thereto entered into in accordance with the provisions thereof.

"Lease" or "Leases" means, collectively, (1) the 2003 Lease; (2) the 2009 Leases; (3) the 2012 Lease; (4) the 2013A Lease; (5) the 2014A Lease; (6) the 2015A Lease and (7) any Additional Leases relating to additional project facilities financed or refinanced by supplements to the Indenture.

"Lessor Representative" means the person designated by IUBC to act as its representative with respect to the Indenture and the Leases.

"Moody's" means Moody's Investors Service, Inc., a corporation duly organized and validly existing under the laws of the State of Delaware, and its successors and assigns.

"Obligation Holder," "holder" or "owner" means the registered owner of any Obligation as the names appear on the registration books maintained by the Trustee.

"Obligations" means the Certificates, the 2014A Obligations, the 2015A Obligations and any Additional Obligations.

"Ordinary Services" and "Ordinary Expenses" means those services normally rendered and those expenses normally incurred by a trustee under instruments similar to the Indenture.

"Original Date" with regard to the 2015A Obligations means the date of delivery thereof.

"Original Indenture" means the original Trust Indenture between the Foundation and the Trustee dated as of February 15, 2003, as amended and restated.

"Original Purchaser" or "Underwriter" with respect to the 2015A Obligations means City Securities Corporation, as representative of the underwriters specified in the Purchase Agreement.

"Outstanding Obligations" or "Obligations Outstanding" means all Obligations which have been executed and delivered by the Trustee under the Indenture except:

1. Obligations cancelled on surrender, exchange or transfer or cancelled because of payment or redemption;

2. Obligations for the payment or redemption of which sufficient cash funds shall have been theretofore irrevocably deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Obligations), or which are deemed to have been paid and discharged, pursuant to the provisions of the Indenture; provided that if such Obligations are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee, shall have been filed with the Trustee; and

3. Obligations in lieu of which others have been executed under the Indenture.

"Person" means natural persons, firms, associations, corporations and public bodies.

"Project" or "Projects" means, collectively, the 2003 Project, the 2009 Projects, the 2012 Project, the 2013A Project, the 2014A Project and the 2015A Project together with any subsequent facilities of the Corporation financed pursuant to supplemental indentures to the Indenture.

"Project Fund" means the Project Fund under the Indenture.

"Project Equipment" means furnishings and equipment, if any, included as part of the Projects.

"Purchase Agreement" means, with respect to the 2015A Obligations, the agreement by that name among IUBC, the Trustee and the Original Purchaser dated April 29, 2015.

"Rating Agency" means S&P, Moody's or any nationally recognized securities rating agency which has been requested to and has assigned a rating to the Obligations.

"Rebate Agreement" means the Construction and Rebate Agreement among the Corporation, IUBC and the Trustee dated as of May 1, 2015.

"Rebate Fund" means the Rebate Fund under the Indenture.

"S&P" means Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc., and its successors and assigns.

"Second Restatement" means the Amended and Restated Trust Indenture (Second) between the Trustee and IUBC dated as of February 1, 2014.

"Second Supplemental Indenture" means the Second Supplemental Indenture dated as of November 15, 2009, to the Amended Indenture, as it may subsequently be amended and supplemented.

"Sixth Supplemental Indenture" means the Sixth Supplemental Indenture dated as of May 1, 2015, to the Second Restatement, as it may be subsequently be supplemented or amended.

"Third Supplemental Indenture" means the Third Supplemental Indenture dated as of January 1, 2012, to the Amended Indenture, as it may subsequently be supplemented or amended.

"Trust Estate" means:

(a) IUBC's fee simple interest in certain real estate on which the 2003 Project is located and its leasehold interest in certain real estate on which the 2009 Projects, the 2012 Project, the 2013A Project, the 2014A Project and the 2015A Project are located;

(b) IUBC's fee simple interest in the 2003 Project and any and all other buildings and other improvements located on such real estate and its leasehold interest in the 2009 Projects, the 2012 Project, the 2013A Project, the 2014A Project and the 2015A Project and any and all other buildings and other improvements located on such real estate;

(c) the 2003 Assignment, the 2009 Assignment, the 2012 Assignment, the 2013A Assignment, the 2014A Assignment and the 2015A Assignment;

(d) all moneys and investments in the Debt Service Fund under the Indenture, including, without limitation, all rentals and other moneys to be received by or on behalf of the Trustee from the leasing of the Projects, and in particular the rentals and other moneys to be received under and pursuant to and subject to the provisions of the Leases, all subject to and in accordance with the Indenture;

(e) all moneys and investments in the Project Fund under the Indenture; and

(f) any real or personal property pledged, mortgaged or assigned by IUBC to the Trustee, or in which IUBC grants to the Trustee a security interest, under any indenture supplemental to the Indenture.

"Trustee" means The Bank of New York Mellon Trust Company, N.A. and its successors and assigns, including any surviving, resulting or transferee corporation, and any successor trustee at the time serving as successor trustee under the Indenture.

"Undertaking" means, collectively, the Amended and Restated Continuing Disclosure Undertaking Agreement dated as of March 1, 2011, as previously supplemented, and as further supplemented by a Supplement dated as of May 1, 2015, by the Corporation, as further supplemented and amended from time to time.

Application of Series 2015A Obligation Proceeds and Project Fund

The proceeds of the 2015A Obligations (net of proceeds used for payment of underwriter's discount) shall be deposited by the Trustee as follows:

(i) A portion of 2015A Obligations proceeds shall be deposited in the 2015A Expense Account of the Project Fund to be used to pay costs of issuance of the 2015A Obligations; and

(ii) The balance of the 2015A Obligations proceeds shall be deposited in the Construction Account for the 2015A Project Fund, to be used to pay certain costs of the 2015A Project.

The Project Fund after the transfer described in (iii) above, shall be held by IUBC (or its agents). Moneys in the Construction Account and the Expense Account shall be used by IUBC and the Corporation to pay costs of the 2015A Project, and to pay costs of issuance, all as more specifically provided in the Indenture. A portion of moneys in the Construction Account will be used to pay a portion of the interest on the Series 2015A Obligations from issuance through June 1, 2017. IUBC (or its agents) may make disbursements from the Construction Account for the following purposes:

(a) Payment or reimbursement of expenses incurred in obtaining insurance or bonds (if any) for the purpose of providing for timely payment of rent under the 2015A Lease.

(b) Payment for costs incurred for labor, services and materials used or furnished in site improvement and in the construction of the 2015A Project, including demolition, all as provided in the

specifications therefor; for the cost of the construction, acquisition and installation of utility services for the 2015A Project, and all real and personal property deemed necessary in connection with the 2015A Project; and for the miscellaneous expenses incidental to any of the foregoing including the premium on each surety bond, if any.

(c) Payment for costs incurred for the fees, if any, for architectural, legal, financial, engineering and supervisory services with respect to the 2015A Project or the financing thereof.

(d) Payment for expenses in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a contract relating to the 2015A Project.

(e) Payment or reimbursement of any other costs and expenses relating to the 2015A Project, including Project Equipment, that may be approved as provided in the Indenture.

(f) Transfer to the Rebate Fund of an amount equal to the rebate amount calculated pursuant to the Rebate Agreement.

(g) Transfer to the Debt Service Fund for the payment of interest due on the 2015A Obligations during construction of the 2015A Project and for a period not to exceed six months.

(h) Redemption of 2015A Obligations with proceeds of the 2015A Obligations.

(i) Payment or reimbursement of any other costs and expenses relating to the 2015A Project, including Project Equipment, that may be approved as provided in the Indenture.

Each of the payments referred to in the preceding subsections shall be made only upon a written order signed by the Lessor Representative, specifying the amount and purpose of such payment.

Debt Service Fund and Rebate Fund

Under the Indenture the Trustee holds in trust the Debt Service Fund and the Rebate Fund.

There shall be deposited into the Debt Service Fund, as and when received (a) all lease rental payments specified for that purpose in the Leases; (b) all other moneys received by the Trustee under and pursuant to any of the provisions of the Leases which are to be paid into the Debt Service Fund; (c) any moneys received by the Trustee from the sale or disposition of the Projects; and (d) accrued interest received by the Trustee along with the proceeds of any Obligations.

All moneys deposited in the Debt Service Fund shall be invested as provided in the Indenture. Investment earnings derived therefrom shall be applied to the payment of the Trustee's fees for Ordinary and Extraordinary Services and Ordinary and Extraordinary Expenses due and payable at such time. All moneys deposited in the Debt Service Fund that are not needed to pay the principal of and premium, if any, and interest on the Obligations or to transfer to the Rebate Fund or to pay the Trustee's fees for Ordinary Services and Ordinary Expenses shall be applied by the Trustee as a credit to reduce the next immediately succeeding rent payment to become due under the Leases or, if the final rent payment has been made or provided for, shall be returned to the Corporation.

Except as provided above with respect to investment earnings, moneys in the Debt Service Fund shall be used solely for the payment of the principal of and premium, if any, and interest on the Obligations and the payment of the Trustee's fees for its Ordinary Expenses and Ordinary Services; provided that no Trustee's fees may be paid from a rent payment deposited in the Debt Service Fund until after all payments of principal of and premium, if any, and interest on the Obligations due within 20 days of the receipt of such rent payment shall have been made; and provided further, that no part of said moneys in the Debt Service Fund (other than any amounts paid into the Debt Service Fund under the terms of the Leases for use in the exercise of the Corporation's option to purchase the Projects or designated by IUBC or the Corporation under the terms of the Indenture for the purpose of redemption in

accordance with the terms of the Indenture) shall be used to redeem, prior to maturity, any part of the Obligations Outstanding.

The Rebate Fund shall be used to make any rebate to the United States of America required to prevent the Obligations (other than those intended to be taxable and so designated) from becoming "arbitrage bonds" under the Code. IUBC shall cause the rebate amount to be calculated in the manner and in the intervals as required by Section 148(f) of the Code. Such calculations shall be provided to the Trustee as soon as practicable after the completion thereof. If a deposit to the Rebate Fund is required, IUBC shall transfer moneys equal to such amount to the Rebate Fund from moneys on deposit in the Project Fund. If such amounts are not sufficient to make such deposit, then the Trustee shall transfer moneys from the Debt Service Fund to make up the deficiency in the required deposit. If the amounts held in such funds are not sufficient to make the required deposit, then the Trustee shall notify IUBC, which shall request the Corporation to make the additional payment under the Lease. If amounts in excess of that required to be rebated to the United States of America accumulate in the Rebate Fund, the Trustee shall upon direction from IUBC transfer such amount to the Debt Service Fund.

No later than 60 days after the fifth anniversary of delivery of the Series 2015A Obligations and every five years thereafter, the Trustee shall, upon written request of IUBC, pay to the United States of America 90% of the amount required to be on deposit in the Rebate Fund with respect to the 2015A Obligations as of such payment date. Not later than 60 days after final retirement of the Obligations, the Trustee shall, upon written request from IUBC, pay to the United States of America 100% of the balance remaining in the Rebate Fund with respect to the Obligations.

Investment of Funds

The original proceeds of the 2015A Obligations held as a part of the Project Fund shall be invested by IUBC in Eligible Investments. All moneys in the Debt Service Fund shall be invested by the Trustee in Eligible Investments. The type, amount and maturity shall be such that the moneys invested will be available to make payments from the respective funds in accordance with the provisions of the Leases and the Indenture as applicable. Any such investment may be purchased from the Trustee, and such investments shall be deemed at all times a part of the Project Fund or the Debt Service Fund, as appropriate, and the interest accruing thereon, and any profit realized therefrom, shall be credited to the respective fund or account and any loss resulting from such investments shall be charged to the respective fund or account. The Trustee shall sell and reduce to cash a sufficient portion of investments in the Debt Service Fund whenever the cash balance in the Debt Service Fund is insufficient to pay the current interest and principal requirements on the Obligations when due. The Trustee shall not be liable for any losses occurring as a result of any such sales of investments.

Covenants of IUBC and Trustee

IUBC and the Trustee covenant in the Indenture, among other things, that:

(a) There will be paid, solely from the source provided in the Indenture, the principal of and premium, if any, and interest on every Obligation on the dates and at the place and in the manner mentioned in the Obligations according to the true intent and meaning thereof.

(b) There will be faithful observation and performance at all times of all agreements, covenants, undertakings, stipulations and provisions contained in the Indenture and in any and every Obligation executed and delivered under the Indenture pertaining to the Obligations or the Lease.

(c) Upon delivery of the Obligations, IUBC will assign the rentals and other moneys payable by the Corporation under the Leases to the Trustee for the payment of principal of and premium, if any, and interest on the Obligations.

(d) Except as otherwise provided in the Indenture and the Leases, the Trustee and IUBC will not sell or otherwise dispose of all or any part of the Projects or create or suffer to be created any debt, lien or charge thereon, or make any other pledge or assignment of or create any lien or encumbrance upon the

rentals, revenues and other income, charges and moneys realized from the lease, sale or other disposition of the Projects other than the pledge and assignment thereof under the Indenture.

(e) Pursuant to the provisions of the Leases, the Corporation has agreed to pay all lawful taxes, assessments and charges at any time levied or assessed upon or against the Projects, or any part thereof, provided, however, that this shall not require the payment of any such taxes, assessments or charges if the same are not required to be paid under the provisions of the Leases.

(f) Pursuant to the provisions of the Leases, the Corporation has agreed at its own expense to cause the Projects to be kept in good repair and good condition, and the Corporation may, at its own expense, from time to time undertake additions, remodeling, modifications and improvements to the Projects under the terms and conditions set forth in the Leases.

(g) The Leases and the Indenture (and any amendments or supplements thereto) and all necessary financing statements, amendments thereto, continuation statements and instruments of similar character relating to the pledges made to secure the Obligations, shall be recorded and filed by the Corporation in such manner and in such places as may be required by law in order to fully preserve and protect the security of the Obligation Holders and the rights of the Trustee.

(h) Each Lease, a duly executed counterpart of which has been filed with the Trustee, sets forth the covenants and obligations of the Corporation, and subsequent to the issuance of the 2015A Obligations and prior to payment of the Obligations in full or provision for payment thereof in accordance with the provisions thereof, such Lease may not be effectively amended, changed, modified, altered or terminated (other than as provided in the Indenture) without the prior written consent of the Trustee.

(i) The Trustee covenants that it shall do all things on its part necessary to maintain the Leases in effect in accordance with the terms thereof and will take all actions necessary to enforce and protect its rights under the Leases, including actions at law and in equity, as may be appropriate.

(j) IUBC covenants and agrees to take all actions and to not fail to take any actions which are necessary in order to protect and preserve the excludability from gross income under Section 103 of the Code for federal income tax purposes of the interest on the Series 2015A Obligations. IUBC further covenants and agrees that it will not take any action or refrain from taking any action with respect to any investment of proceeds of the Series 2015A Obligations, including but not limited to the obligation, if any, to rebate certain funds to the United States of America, which would result in constituting any Series 2015A Obligations as "arbitrage bonds" within the meaning of Section 148 of the Code. IUBC further agrees that it will not act in any other manner which would adversely affect the excludability from gross income for federal income tax purposes of the interest on any Series 2015A Obligations.

(k) IUBC covenants that it will not permit the 2015A Project to be used by nongovernmental persons in such a manner as to cause the 2015A Obligations to be or become "private activity bonds" within the meaning of Section 141 of the Code, unless expressly contemplated in the Indenture or in the supplemental indenture pursuant to which a series is issued.

(1) IUBC covenants that it will not take any action nor fail to take any action that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the 2015A Obligations pursuant to Section 103 of the Code, nor will IUBC act in any other manner which would adversely affect such exclusion. The foregoing covenant is based solely on existing law in effect and in existence on the date of delivery of the 2015A Obligations.

Notwithstanding paragraphs (j), (k) and (l) above, it shall not be an event of default under the Indenture if interest on the Series 2015A Obligations becomes includable in gross income for federal income tax purposes as a result of change of law.

Representations and Warranties of IUBC

IUBC represents, warrants and agrees in the Indenture, as follows:

(a) IUBC is a duly organized and validly existing corporation in good standing under the laws of the State of Indiana and has the full corporate power and authority to own its property and assets and to transact the business in which it is engaged or presently proposes to engage; and has the full corporate power and authority to execute, deliver and carry out the terms and provisions of the Indenture, the Leases and any other documents connected therewith to which it is a party and has taken all necessary corporate action to authorize the execution and delivery of the Indenture, the Leases and any other documents connected therewith to which it is a party and the carrying out by it of the terms and provisions thereof.

(b) No default and no condition, event or act which, with the giving of notice or lapse of time, or both, could become a default exists under the Indenture, the Leases or any other document connected therewith to which IUBC is a party or by which it is bound.

(c) Neither the construction of the 2015A Project nor the execution and delivery of the Indenture, the 2015A Lease or any other documents connected therewith to which IUBC is a party, nor the consummation of the transactions therein contemplated, nor the compliance with the terms and provisions thereof, will contravene any provision of present law, statute, rule or regulation to which it is subject or any judgment, decree, order, franchise or permit applicable to it, or will conflict or will be inconsistent with, or will result in any breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge, security interest or encumbrance upon any property or assets of it pursuant to the terms of any indenture, mortgage, deed of trust, agreement or other instrument to which it is a party or by which it or its property may be subject, or violate any provision of its articles of incorporation or by-laws.

(d) There are no actions, suits or proceedings pending, or to IUBC's knowledge threatened, against or affecting it or its property before any court or before any governmental or administrative body or agency (domestic or foreign), the outcome of which might have a material adverse effect upon IUBC's ability to meet and carry out its obligations under the Indenture, the 2015A Lease or any other documents connected therewith to which it is a party, or which might prevent or interfere with the execution or delivery of, or carrying out the provisions of, the foregoing instruments or agreements.

(e) No consent or approval of, or exemption by, any governmental or public body or authority, which has not now been obtained, is required to authorize, or is required in connection with, the execution, delivery and performance by IUBC of the Indenture, the 2015A Lease or the taking of any action thereby contemplated; nor is any filing, recording, registration, giving of notice or other similar action required or permitted by law, which has not now been performed, to establish, perfect, protect or preserve the rights and titles, interests, remedies, powers or privileges of the Trustee thereunder.

(f) IUBC is the owner of a leasehold interest on the real estate and improvements as described in the Indenture, and of the improvements constituting the 2015A Project located on the real estate described in the Indenture, subject to the Indenture and the 2015A Lease. Neither the 2015A Project, nor any part thereof, is subject to any lien or encumbrance of any character except for (i) easements and restrictions of record, including existing streets and alleys, (ii) current real and personal property taxes and non-delinquent assessments, and (iii) the 2015A Lease and the Indenture.

(g) To the best of IUBC's knowledge, there are no pending or threatened condemnation proceedings affecting the real estate upon which the 2015A Project are or will be located.

(h) IUBC represents, warrants and covenants that it has obtained already all the necessary governmental approvals to permit the construction of the 2015A Project on the real estate on which it is or

will be located in accordance with the plans and specifications and the use of such real estate for the purpose described in the Indenture.

(i) IUBC represents, warrants and covenants that the additional costs of the 2015A Project exceeding available proceeds of the 2015A Obligations will be funded by gifts, grants, and bequests allocable to or otherwise available for such use, or by Corporation reserves and the reallocation of indirect cost recovery, and further that such gifts, etc. have been allocated previously to costs of the 2015A Project prior to proceeds of the 2015A Obligations.

Insurance

During construction of the 2015A Project, IUBC will carry or will cause other persons to carry for its benefit (i) builder's risk insurance in the amount of 100% of the insurable value of the 2015A Project against physical loss or damage thereto, however caused, with such exceptions as are ordinarily required by insurers of buildings or facilities of a similar type and (ii) such other insurance coverage with respect to the 2015A Project as the Corporation would customarily maintain with respect to its other properties, including but not limited to that commonly known as fire and extended coverage and comprehensive general liability coverage.

IUBC covenants that it will carry or will cause other persons to carry for its benefit, with respect to the Projects, but only after the Completion Date with respect to the 2015A Project, such insurance coverage as the Corporation would customarily maintain with respect to its other properties, including but not limited to that commonly known as fire and extended coverage and comprehensive general liability coverage.

The policies evidencing all such insurance shall contain the customary provisions and such other provisions and endorsements as the Corporation shall reasonably require. Certificates of insurance showing the Trustee as co-loss payee shall be forwarded to the Trustee by or on behalf of IUBC.

Events of Default and Remedies

Events of default under the Indenture include:

(a) failure to pay interest on the Obligations as it becomes due and payable; or

(b) failure to pay the principal of, or the redemption premiums, if any, on any of the Obligations; or

(c) default in the performance or observance of any other of the covenants, agreements or conditions included in the Indenture or in the Obligations which default shall continue unremedied for a period of 60 days after written notice thereof has been sent by the Trustee to IUBC or a default on the part of the Corporation under the Leases, which default shall continue unremedied for a period of 60 days after written notice thereof has been sent by the Trustee or IUBC to the Corporation; or

(d) if any representation, warranty or statement made by IUBC in writing in connection with this financing, or in any certificate or statement signed by an officer of IUBC and furnished pursuant to any provision of the Indenture, shall be breached or shall prove to be untrue in any material respect on the date as of which made; or

(e) ejection of the Corporation from any material portion of the Projects (and the use and occupancy thereof) by reason of a defect in title to the Projects; or

(f) default in the performance of any obligation or in the observance of any covenant imposed on IUBC under the Leases giving effect to applicable cure period thereon; or

(g) the legal documents, evidence of title, title opinion or survey are subject to objections or encumbrances other than those mentioned in the Indenture or are in form not reasonably satisfactory to the Trustee.

Upon the happening and continuance of any event of default, the Trustee may, in its discretion, declare the principal amount of and interest accrued on all Outstanding Obligations immediately due and payable; subject, however, to the rights of the holders of 51 % in principal amount of all the Outstanding Obligations to annul such declaration if all such events have been cured, all arrears of interest have been paid and all other indebtedness secured by the Indenture (except the principal and interest not then due) has also been paid.

Surrender of Possession of Project; Rights and Duties of Trustee in Possession

Under the terms of the Leases, upon the failure of the Corporation to pay rentals as due or upon the occurrence of a default under a Lease and the continuance of such default for a period of 60 days after written notice to correct such default, the Corporation, upon demand of the Trustee, as lessor, shall surrender the possession of the Project subject to such Lease. Thereafter, it shall be lawful for, and the Trustee agrees to, take possession of all or any part of the Projects, and to hold and manage the same, and from time to time to make all needful repairs and improvements as by the Trustee shall be deemed wise; and the Trustee may lease the Projects or any part thereof in its name and collect, receive and sequester the rentals, revenues and other income, charges and moneys therefrom, and out of the same and any moneys received from any receiver of any part thereof pay, and/or set up proper reserves for the payment of, all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustee, its agents and counsel, and any charges of the Trustee, any taxes, assessments and other charges prior to the lien of the Indenture which the Trustee may deem it wise to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received in accordance with the provisions of the Indenture. Whenever all that is due upon the Obligations shall have been paid and all defaults made good, the Trustee shall surrender possession to the Corporation, its successors or assigns; the same right of entry, however, to exist upon any subsequent event of default.

While in possession of such property the Trustee shall render to the Corporation and also upon their written request to the holders of all Obligations, a summarized statement of income and expenditures in connection therewith.

Any sale made either under the Indenture, to the extent permitted by law, or by judgment or decree in any judicial proceeding for foreclosure shall be conducted as required by the Indenture. The proceeds of any such sale shall be applied to pay the costs and expenses of the sale or judicial proceedings pursuant to the sale, the expenses of the Trustee and the holders of the Obligations (to the extent such expenses are recoverable under the Indenture), with interest at the highest rate of interest on any of the Obligations when sold, and the payment of the installments of interest which are due and unpaid in the order of their maturity, next, if the principal of the Obligations is due, to the payment of the principal thereof and the accrued interest thereon pro rata. No holder of any of the Obligations shall have the right to institute any proceeding in law or in equity for the foreclosure of the Indenture, the appointment of a receiver, or for any other remedy under the Indenture without complying with the provisions of the Indenture.

Other Remedies; Rights of Obligation Holders

Upon the occurrence of an event of default the Trustee may, as an alternative, either after entry or without entry, pursue any available remedy to enforce the payment of the principal of and premium, if any, and interest on the Obligations then outstanding or of compliance with any other obligation or requirement of the Indenture.

If an event of default shall have occurred, and if requested so to do by the holders of at least twenty-five percent in aggregate principal amount of Obligations then outstanding, and indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interests of the holders or owners of the Obligations.

No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any such right or power or shall be construed to be a waiver of any such default or event of default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any default or event of default under the Indenture, whether by the Trustee or by the holders or owners of the Obligations, shall extend or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

Right of Obligation Holders to Direct Proceedings

Anything in the Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Obligations then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings thereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Waiver of Events of Default

The Trustee may in its discretion waive any event of default under the Indenture and its consequences and rescind any declaration of maturity of principal, and shall do so upon the written request of the holders of at least (1) 51% in aggregate principal amount of all the Obligations then outstanding in respect of which default in the payment of principal and/or interest exists, or (2) 51% in principal amount of all Obligations then outstanding in case of any other default; provided, however, that there shall not be waived (a) any event of default in the payment of the principal of any Outstanding Obligations at the date of maturity specified therein or (b) any default in the payment when due of the interest on any such Obligations and there shall be no rescission of a declaration of maturity unless, prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Obligations in respect of which such default shall have occurred on overdue installments of interest or all arrears of payments of principal when due, as the case may be, and all expenses of the Trustee, in connection with such default, shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Corporation, IUBC, the Trustee and the Obligation Holders shall be restored to their former positions and rights under the Indenture respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Application of Moneys

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Debt Service Fund and all moneys in the Debt Service Fund shall be applied as follows:

(a) Unless the principal of all the Obligations shall have become or have been declared due and payable, all such moneys shall be applied:

First -- To the payment of the persons entitled thereto of all installments of interest then due on the Obligations, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, of the persons entitled thereto, without any discrimination or privilege; and

Second -- To the payment of the persons entitled thereto of the unpaid principal of any of the Obligations which shall have become due (other than Obligations previously called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest on such Obligations from the respective dates upon which they become due and if the amount available shall not be sufficient to pay in full all

Obligations due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the person entitled thereto without any discrimination or privilege.

(b) If the principal of all the Obligations shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Obligations, without preference or priority of principal over interest or of interest over principal, or of any installment of interest or of preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Obligation over any other Obligation, ratably, according to the amount due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

Whenever moneys are to be applied as stated above, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any Obligation until such Obligation shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever (i) all Obligations and interest thereon have been paid, (ii) all expenses and charges of the Trustee and paying agents have been paid, and (iii) any rebate owed to the United States of America under Section 148 of the Code has been paid, any balance remaining in the Debt Service Fund shall be paid to the Corporation as provided in the Indenture.

Supplemental Indentures

IUBC and the Trustee may, without obtaining the approval of the holders of the Obligations, enter into supplemental indentures to cure any ambiguity or formal defect or omission in the Indenture; or to grant to the Trustee for the benefit of such holders any additional rights, remedies, powers, authority or security that may be lawfully granted; or to convert variable rate Obligations from taxable to tax exempt interest rates, pursuant to provision therefor in the applicable supplemental indenture; or to provide for the issuance of Additional Obligations on a parity to finance a refunding of the Obligations or the cost of completing the Projects.

The holders of not less than 51% in aggregate principal amount of the Obligations then outstanding shall have the right, from time to time except when contrary to the Indenture, to approve the execution by IUBC and the Trustee of such supplemental indentures, except no supplemental indenture shall permit:

(a) An extension of the maturity of the principal of or interest on any Obligation without the consent of the holder of each Obligation so affected;

(b) A reduction in the principal amount of any Obligation or the redemption premium or the rate of interest without the consent of the holder of each Obligation so affected;

(c) A preference or priority of any Obligation or Obligations over any other Obligation or Obligations without the consent of the holders of all Obligations then outstanding; or

(d) A reduction in the aggregate principal amount of the Obligations required for consent to supplemental indentures without the consent of the holders of all Obligations then outstanding.

Lease Amendments

The Corporation and the Trustee may without the consent of or notice to the Obligation Holders consent to any amendment, change or modification of the Leases or any other documents in connection therewith, as may be

required (i) by the provisions of the Leases and the Indenture, (ii) for the purpose of curing any ambiguity, inconsistency or formal defect or omission or (iii) in connection with any other change therein which, in the judgment of the Trustee, having relied on an opinion of Bond Counsel, is not to the prejudice of the Trustee or the holders of the Obligations.

Except for the amendments, changes, or modifications as provided in the preceding paragraph, the Trustee will not consent to any amendment, change or modification of the Leases which would change the rental payments required to be paid under the terms of the Leases or which would alter, change or amend the obligations of IUBC under the Indenture or any other documents in connection therewith, without notice to and the written approval or consent of the holders of all of the then outstanding Obligations, or to any other amendment, change or modification of the Leases or any other documents in connection with the Indenture and the Leases, without publication of notice and the written approval or consent of the holders of not less than 51% in aggregate principal amount of the Obligations at the time outstanding given and procured.

Possession Until Default, Defeasance Payment, Release

If, prior to the last maturity date of any Outstanding Obligations or prior to their redemption date (if Obligations have been or are to be called for redemption), the Trustee shall hold sufficient funds as described in the next succeeding paragraph and there shall have been paid all fees and charges of the Trustee due or to become due through the date on which the Obligations are to be retired (whether at maturity or by redemption), then the lien of the Indenture with respect to such Obligations shall thereafter be imposed only on the moneys and direct obligations of the United States of America held by the Trustee and payment of the principal of and premium, if any, and interest on those Outstanding Obligations shall be made solely from said moneys and direct obligations of the United States of America and the holders of those Obligations shall not be entitled to enforce payment of any principal of or premium or interest on those Obligations from any other source.

Within the meaning of the preceding paragraph, sufficient funds are held:

(i) if the Trustee shall hold, in trust for and irrevocably committed to the payment of the principal of and premium, if any, and interest on the Obligations, sufficient moneys, or

(ii) if the Trustee shall hold, in trust for and irrevocably committed to the payment of the principal of and premium, if any, and interest on the Obligations, noncallable direct obligations of the United States of America certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed), be sufficient together with moneys referred to in subsection (i) above, for the payment, at their maturity or redemption date, of the principal of the Obligations together with the redemption premium, if any, and interest accrued to the date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date then to the date of the tender of such payment; provided, that if any Obligations are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been duly made for the giving of such notice.

Any income or interest earned by, or increment to, the investments so held, shall, to the extent not required for such purposes, be transferred to the Debt Service Fund.

Release of Indenture and Payment of Obligations

When (a) all of the Obligations shall have matured according to their terms or have been called for redemption and the date set for such redemption has occurred and all Obligations presented have been redeemed, or (b) all of the Obligations appertaining thereto have been paid and discharged or the Trustee holds sufficient moneys together with any amounts held by the Trustee for the payment of any Obligations not surrendered on their maturity date or redemption date, and (c) there shall have been paid all fees and charges of the Trustee due, then the Indenture shall cease, determine and become null and void, and thereupon the Trustee shall release the Indenture including the

cancellation and discharge of the lien thereof, and execute and deliver such instruments in writing as shall be requisite to satisfy the lien thereof and to enter on the records such satisfaction and discharge as may be reasonably required, and, if the Corporation has exercised its option to purchase the Project or has fully discharged and performed its obligations under the Lease, the Trustee shall assign and deliver to the Corporation any property at the time subject to the lien of the Indenture which may then be in its possession, except such cash and investments as are held by the Trustee for the payment of principal, interest and premium, if any, on retirement of the Obligations.

Additional Obligations

The Trustee, at the written direction of IUBC or the Corporation, to the extent permitted by law, shall cause to be issued Additional Obligations from time to time to provide for (i) the refunding of Outstanding Obligations in whole or in part, (ii) refunding of other Obligations or certificates of participation in other leases to the Corporation, (iii) the completion of any Project or (iv) the financing of additional Projects; provided that the issuance of such Additional Obligations shall not result in the interest on the Obligations Outstanding immediately prior to such issuance losing the exclusion from gross income for federal income tax purposes. Before any Additional Obligations are executed there shall be delivered to the Trustee the items required by the Indenture. Any series of Additional Obligations shall have maturities, interest rates, interest payment dates, denominations and other terms as provided in the supplemental indenture entered into in connection with such Additional Obligations, and the proceeds thereof shall be held, invested and paid out as therein provided, provided that such terms and provisions shall not be otherwise inconsistent with the Indenture. Before Additional Obligations are executed and delivered by the Trustee, certain items must be filed with the Trustee as required by the Indenture.

Trustee's Fees, Charges and Expenses

On or after the date on which the Obligations are first delivered to the original purchaser, the Ordinary Services and Ordinary Expenses of the Trustee to be performed under the Indenture in connection with the authorization, issuance, delivery and payment of such series of Obligations shall be withdrawn by the Trustee from the Debt Service Fund in payment of such Ordinary Services and Ordinary Expenses. The Trustee shall be entitled to reasonable fees and charges of the Trustee for necessary Extraordinary Services and Extraordinary Expenses under the Indenture. Amounts equal to the necessary Extraordinary Services and Extraordinary Expenses of the Trustee under the Indenture shall be withdrawn by the Trustee from the Debt Service Fund in payment of such Extraordinary Services and Extraordinary Expenses; provided, however, that in the event the amount of money in the Debt Service Fund is insufficient to satisfy in full the amount due with respect to such Extraordinary Services and Extraordinary Expenses, then the amount unsatisfied shall be cumulated and paid in succeeding years from the balance remaining in the Debt Service Fund after first having paid all principal of and premium, if any, and interest on the Obligations which is then next due and payable and its annual fee for its Ordinary Services and Ordinary Expenses then due at the time payment is sought by the Trustee.

Appointment of Successor Trustee

In case the Trustee shall resign or be removed, or be dissolved, or otherwise become incapable of acting under the Indenture, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor shall be appointed by IUBC; provided that if a successor Trustee is not so appointed within ten days after the notice of resignation is mailed or instrument of removal is delivered, respectively, or the Trustee is dissolved, taken under control or otherwise incapable of action as above provided, then the holders of a majority in aggregate principal amount of Obligations then outstanding, by an instrument or concurrent instruments in writing signed by or on behalf of such holders, may designate a successor Trustee. Every such successor Trustee appointed shall be a trust company or bank in good standing, duly authorized to exercise trust powers within the State of Indiana, having a reported capital and surplus of not less than $50,000,000 and willing to accept the trusteeship under the terms and conditions of the Indenture.

2003 LEASE

The following is a brief summary of certain provisions of the 2003 Lease, and does not purport to comprehensively describe the document in its entirety.

Source of Rental Payments

The Corporation will pay rental under the 2003 Lease during its term in semi-annual amounts equal to IUBC's debt service on the related Series 2012A Certificates, plus fees for the Trustee. The Corporation will receive a credit toward each rental payment in an amount equal to monies held in the Debt Service Fund by the Trustee under the Indenture. All rentals payable under the terms of the 2003 Lease will be paid by the Corporation to the Trustee, or to such other bank or trust company as may from time to time succeed such bank as Trustee. All payments so made by the Corporation will be considered as payment to IUBC of the rentals payable thereunder.

Corporation's Obligations Payable From and Subject to Available Funds

The Corporation has covenanted and agreed that it will use and apply any Available Funds (as described in the 2003 Lease), to the extent necessary, for the purpose of satisfying its obligations under the 2003 Lease. Notwithstanding any other provisions of the 2003 Lease, the obligations imposed upon the Corporation for the payment of rent or making of other expenditures of money shall be and remain subject to the availability of Available Funds which may lawfully be used by the Corporation for such purposes. No obligation imposed on the Corporation under the 2003 Lease shall be or become an obligation, indebtedness or liability of the State of Indiana. The Corporation's obligation to make rental payments and to perform all other covenants and agreements under the terms of the 2003 Lease, shall not be affected by any damage to or destruction of the leased premises, regardless of the cause thereof.

Additional Rental Payments and Other Charges

Additional Rental Payments. The Corporation made a payment of additional rent to IUBC upon completion of "Foundation Work" as described in the 2003 Lease. The Corporation will pay as further rental the amount calculated for the Trustee as the amount required to be rebated to the United States of America after taking into account other available monies to prevent the 2012A Certificates from becoming arbitrage bonds. The Corporation will further pay (or reimburse IUBC for any payments made) for any other expenses in connection with the 2012A Certificates on a periodic basis, including fees and expenses of the Trustee.

Public Utility Charges. The Corporation will pay charges for all utilities used on the premises during the term of the 2003 Lease.

Repairs, Maintenance, Operating Expenses and Improvements

The Corporation agrees to be responsible for all repairs, maintenance and operating expenses and capital improvements for the Leased Premises. IUBC shall complete the building and related improvements in accordance with the construction documents approved by the Corporation's architect. IUBC shall complete the building and related improvements. Construction shall be completed in a timely and workmanlike manner in accordance with best practices of the commercial and institutional construction industries and in compliance with all applicable building codes, laws and governmental regulations.

The Corporation is authorized to install fixtures and equipment and make any improvements to the premises, except that any improvements affecting the roof or structural walls shall require written notice to IUBC and the Trustee. If the Corporation undertakes improvements, the Corporation covenanted and agreed that it shall not suffer or permit any mechanics' liens to be filed against the leased premises and shall hold IUBC harmless therefrom.

General Covenants

The Corporation and IUBC consent to the assignment by IUBC of certain rights under the 2003 Lease. Neither IUBC nor the Corporation may otherwise assign the 2003 Lease without the express written approval of the other party. The Corporation may sublet the leased premises at will so long as the sublet is consistent with the covenants in its federal tax and arbitrage certificate. The 2003 Lease also contains other covenants regarding maintenance, subsequent improvements, damage or destruction, insurance and use of the premises.

Option to Purchase Leased Property by the Corporation

IUBC has granted to the Corporation the right and option, upon 60 days' written notice to IUBC and the Trustee, to purchase the leased premises at a price equal to an amount sufficient to redeem or defease the 2012A Certificates issued under the Indenture in accordance with the terms of the 2003 Lease. Upon request of the Corporation, IUBC agreed to furnish an itemized statement setting forth the amount required to be paid by the Corporation in order to purchase the leased premises or a portion thereof desired by the Corporation. Upon the exercise of the option to purchase, IUBC will, upon payment of the option price, convey the leased premises to the Corporation, subject to liens and encumbrances, if any, to which title to said property was subject when conveyed to IUBC, including any existing streets and alleys, liens and encumbrances created by the Corporation or the creation or sufferance of which the Corporation consented, and liens for taxes or special assessments not then delinquent and liens and encumbrances on its own part contained in the 2003 Lease. In the event of the purchase of the leased premises or any portion thereof by the Corporation or conveyance of the same to the Corporation, the Corporation agreed to procure and pay for all surveys, title searches, abstracts, title policies and legal services that may be required, and shall furnish at the Corporation's expense all documentary stamps or tax payments required for the transfer of title.

If the Corporation does not exercise its option to purchase the leased premises or a portion of the leased premises and upon the full discharge and performance by the Corporation of its obligations under the 2003 Lease, the leased premises or the portion remaining shall become the absolute property of the Corporation.

Defaults

IUBC may terminate the 2003 Lease upon the Corporation's failure to pay any installment of rent when due and payable, or to perform any other of its covenants under the 2003 Lease within 60 days after receipt of written notice.

Upon termination of the Lease as described in the preceding paragraph, IUBC or its assignees may re-enter the Leased Premises with or without process of law and remove all persons and property therefrom. Neither IUBC nor its assignees shall be liable for damages or otherwise by reason of re-entry. The exercise by IUBC or its assignees of the right to terminate the 2003 Lease shall not release the Corporation from the performance of any obligation to make rental or additional rental payments subject only to the availability of Available Funds. No waiver by IUBC of any right to terminate the 2003 Lease upon any such default shall operate to waive such right upon the same or other defaults subsequently occurring.

2009 LEASES, 2012 LEASE, 2013A LEASE, 2014A LEASE AND 2015A LEASE

The 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease are subleases issued under and pursuant to the 2009 Prime Leases, the 2012 Prime Lease, the 2013A Prime Lease, the 2014A Prime Lease and the 2015A Prime Lease, respectively.

The following is a brief summary of certain provisions of the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease, and does not purport to comprehensively describe the documents in their entirety.

Source of Rental Payments

The Corporation will pay rental under each of the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease during its term in semi-annual amounts equal to the debt service on the related Obligations, plus fees for the Trustee. The Corporation will receive a credit toward each rental payment in an amount equal to monies held in the Debt Service Fund by the Trustee under the Indenture. All rentals payable under the terms of the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease will be paid by the Corporation to the Trustee, or to such other bank or trust company as may from time to time succeed such bank as Trustee. All payments so made by the Corporation will be considered as payment to IUBC of the rentals payable thereunder.

Corporation's Obligations Payable From and Subject to Available Funds

The Corporation has covenanted and agreed that it will use and apply any Available Funds (as described in the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease), to the extent necessary, for the purpose of satisfying its obligations under the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease. Notwithstanding any other provisions of the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease, the obligations imposed upon the Corporation for the payment of rent or making of other expenditures of money shall be and remain subject to the availability of Available Funds which may lawfully be used by the Corporation for such purposes. No obligation imposed on the Corporation under the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease shall be or become an obligation, indebtedness or liability of the State of Indiana. In no event, shall the Corporation's obligation to make rental payments as required by the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease abate because of any damage to or destruction of any portion of the leased premises, as applicable.

Additional Rental Payments and Other Charges

Additional Rental Payments. The Corporation will make a payment of additional rent to IUBC upon completion of IUBC Work as described in the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease. The Corporation will pay as further rental the amount calculated for the Trustee as the amount required to be rebated to the United States of America after taking into account other available monies to prevent the Obligations from becoming arbitrage bonds. The Corporation will further pay (or reimburse IUBC for any payments made) for any other expenses in connection with the Obligations on a periodic basis, including fees and expenses of the Trustee.

Public Utility Charges. The Corporation will pay charges for all utilities used on the premises during the term of the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease.

Repairs, Maintenance, Operating Expenses and Improvements

The Corporation agrees to be responsible for all repairs, maintenance and operating expenses and capital improvements for the leased premises. IUBC shall complete the buildings and related improvements in accordance with the construction documents approved by the Corporation's architect. IUBC shall complete the buildings and related improvements. Construction shall be completed in a timely and workmanlike manner in accordance with best practices of the commercial and institutional construction industries and in compliance with all applicable building codes, laws and governmental regulations.

The Corporation is authorized to install fixtures and equipment and make any improvements to the premises, except that any improvements affecting the roof or structural walls shall require written notice to IUBC and the Trustee. If the Corporation undertakes improvements, the Corporation covenanted and agreed that it shall not suffer or permit any mechanics' liens to be filed against the leased premises and shall hold IUBC harmless therefrom.

General Covenants

The Corporation and IUBC consent to the assignment by IUBC of certain rights under the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease. Neither IUBC nor the Corporation may otherwise assign the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease without the express written approval of the other party. The Corporation may sublet the leased premises at will so long as the sublet is consistent with the covenants in its applicable federal tax and arbitrage certificate. The 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease also contains other covenants regarding maintenance, subsequent improvements, damage or destruction, insurance and use of the premises.

Option to Purchase Leased Property by Corporation

IUBC has granted to the Corporation the right and option, upon 45 days' written notice to IUBC and the Trustee to purchase the Leased Premises at a price equal to an amount sufficient to redeem or defease the Obligations of each series issued under the Indenture in accordance with the terms of the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease. Upon request of the Corporation, IUBC agreed to furnish an itemized statement setting forth the amount required to be paid by the Corporation in order to purchase the leased premises or a portion thereof desired by the Corporation. Upon the exercise of the option to purchase under any 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease, IUBC will, upon payment of the option price, convey the leased premises to the Corporation, subject to liens and encumbrances, if any, to which title to said property was subject when conveyed to IUBC, including any existing streets and alleys, liens and encumbrances created by the Corporation or the creation or sufferance of which the Corporation consented, and liens for taxes or special assessments not then delinquent and liens and encumbrances on its own part contained in the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease. In the event of the purchase of the leased premises or any portion thereof by the Corporation or conveyance of the same to the Corporation, the Corporation agreed to procure and pay for all surveys, title searches, abstracts, title policies and legal services that may be required, and shall furnish at the Corporation's expense all documentary stamps or tax payments required for the transfer of title.

If the Corporation does not exercise its option to purchase the leased premises or a portion of the leased premises and upon the full discharge and performance by the Corporation of its obligations under the respective 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease, the leased premises or the portion remaining shall become the absolute property of the Corporation.

Defaults

IUBC's Default. IUBC's failure to perform or observe any of its obligations under the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease within 30 days after IUBC receives written notice from the Corporation that any such performance or observance is due, or IUBC's continuing breach of any representation or warranty herein after 30 days' notice thereof, constitutes a default of the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease ("IUBC Default"). Upon occurrence of a IUBC Default, the Corporation may exercise all remedies available either at law or in equity; provided, however, that the Corporation shall have no right to terminate the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease, and shall have no right to any abatement or reduction of rent thereunder. IUBC shall defend, indemnify and hold the Corporation harmless from and against any and all claims, actions, damages, liability and expense (including, without limitation, attorneys' fees) arising from any IUBC Default.

Notwithstanding the above, IUBC's failure to perform or observe any of its obligations under the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease shall not constitute an IUBC Default if IUBC commences to cure such failure within the 30 day notice period and thereafter diligently continues to cure such failure.

Corporation's Default. The happening of any one or more of the following events shall be deemed to be an "Event of Default": (a) the Corporation's failure to perform or observe any of its obligations under the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease or the Corporation's continuing breach of any representation or warranty herein within 30 days after the Corporation receives written notice from

IUBC that any such performance or observance is due; (b) the making by the Corporation of an assignment for the benefit of its creditors; (c) the levying of a writ of execution or attachment on or against the Premises as the property of the Corporation and the same not released or discharged within 90 days thereafter; (d) institution of proceedings in a court of competent jurisdiction for the reorganization, liquidation or dissolution of the Corporation, for its adjudication as a bankrupt or insolvent, or for the appointment of a receiver of the property of the Corporation, and, in the case of involuntary proceedings, said proceedings are not dismissed, and any receiver, trustee or liquidator appointed therein discharged, within 90 days after the institution of said proceedings; and (e) the failure of the Corporation to pay an installment of rent within ten days after written notice from IUBC that the same is due.

Notwithstanding the above, the Corporation's failure to perform or observe any of its non-monetary obligations under the 2009 Leases, the 2012 Lease, the 2013A Lease, the 2014A Lease and the 2015A Lease shall not constitute an Event of Default if the Corporation commences to cure such failure within the applicable period set forth above and thereafter diligently continues to cure such failure.

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

May 13, 2015

City Securities Corporation, as representative
of the Underwriters
Indianapolis, Indiana

The Bank of New York Mellon Trust Company, N.A.,
as Trustee
Indianapolis, Indiana

Re: Lease Purchase Obligations, Series 2015A, Evidencing a Proportionate Interest of Owners Thereof in Lease Payments to Be Made by The Trustees of Indiana University, as Lessee; Total Issue $31,025,000

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), of Lease Purchase Obligations, Series 2015A, originally dated the date hereof in the aggregate principal amount of $31,025,000 (the "2015A Obligations"). Each of the 2015A Obligations represents a proportionate interest of the owners thereof in lease payments to be made by The Trustees of Indiana University, as Lessee (the "Corporation") under that certain Lease Purchase and Sublease Agreement (Assembly Hall Renovation Project) dated as of May 1, 2015 (the "2015A Lease") and certain other lease purchase agreements described in the Indenture (as defined below) (collectively, the "Leases"), to the Corporation from the Indiana University Building Corporation, as Lessor ("IUBC") of certain property described in the Leases, all as described in the Sixth Supplemental Indenture dated as of May 1, 2015 (the "Sixth Supplemental Indenture"), which supplemented and amended the Amended and Restated Trust Indenture (Second) dated as of February 1, 2014 (collectively, the "Indenture"), between IUBC and the Trustee, pursuant to which the 2015A Obligations are issued and secured. IUBC has assigned its interest in the 2015A Lease to the Trustee under the Assignment of 2015A Lease from IUBC to the Trustee, dated as of May 1, 2015 (the "Assignment"). We have relied upon a certified transcript of proceedings, including the opinion of the Vice President and General Counsel of the Corporation, the opinion of Senior Counsel in the legal department of the Trustee bank, as well as other certificates and representations of the Corporation, IUBC and the Trustee, including the Arbitrage and Federal Tax Certificate of the Corporation, IUBC and the Trustee (the "Tax Covenants"), and have not undertaken to verify any facts by independent investigation.

Based on the foregoing and our review of such other information, papers, and documents as we believe necessary or advisable, we are of the opinion that:

1. The Indenture has been duly authorized, executed and delivered by IUBC, and assuming due authorization, execution and delivery thereof by the Trustee, is the valid and binding agreement of IUBC, enforceable in accordance with its terms.

2. The 2015A Lease has been duly authorized, executed and delivered by IUBC and the Corporation, and is the valid and binding agreement of IUBC and the Corporation, enforceable in accordance with its terms.

3. The Assignment has been duly authorized, executed and delivered by IUBC, and is the valid and binding agreement of IUBC, enforceable in accordance with its terms.

4. The 2015A Obligations have been duly authorized, executed and issued and are the valid and binding obligations of the Trustee, enforceable in accordance with their terms.

5. Under existing laws, judicial decisions, regulations, and rulings, the interest on the 2015A Obligations is exempt from income taxes imposed by the State of Indiana.

6. Under existing federal statutes, laws, regulations, rulings and judicial decisions, the interest on the 2015A Obligations paid from that portion of the lease rental payments designated as interest is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining alternative minimum tax imposed on certain corporations. This opinion is conditioned on continuing compliance by the Corporation, IUBC and the Trustee with the Tax Covenants. Failure to comply with the Tax Covenants could cause interest on the 2015A Obligations to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue.

It is to be understood that the rights of the owners of the 2015A Obligations, the Corporation, IUBC and the Trustee and the enforceability of the 2015A Obligations, the Indenture and the Leases may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore and hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity. It is to be understood that the rights of the owners of the 2015A Obligations, the Corporation, IUBC and the Trustee and the enforceability of the 2015A Obligations, the Indenture and the Leases may be subject to the valid exercise of the constitutional powers of the State of Indiana and the United States of America.

Very truly yours,

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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INDIANA UNIVERSITY • LEASE PURCHASE OBLIGATIONS, SERIES 2015A, OF THE TRUSTEES OF INDIANA UNIVERSITY