

**ILLINOIS INSTITUTE OF TECHNOLOGY**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
(Including Single Audit)  
May 31, 2022 and 2021

ILLINOIS INSTITUTE OF TECHNOLOGY  
CONSOLIDATED FINANCIAL STATEMENTS  
May 31, 2022 and 2021

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## INDEPENDENT AUDITOR'S REPORT

The Board of Trustees  
Illinois Institute of Technology  
Chicago, Illinois

**Report on the Audit of the Financial Statements*****Opinion***

We have audited the consolidated financial statements of Illinois Institute of Technology and Subsidiaries (the "University"), which comprise the consolidated statements of financial position as of May 31, 2022 and 2021, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Illinois Institute of Technology and Subsidiaries as of May 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

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## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Financial Responsibility Supplemental Schedule required by the United States Department of Education are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2023, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

*Crowe LLP*  
Crowe LLP

Chicago, Illinois  
March 29, 2023

ILLINOIS INSTITUTE OF TECHNOLOGY  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
May 31, 2022 and 2021  
(In thousands of dollars)

|   | <u>2022</u>       | <u>2021</u>       |
|---|-------------------|-------------------|
| <b>ASSETS</b>   |                   |                   |
| Cash  | \$ 10,188         | \$ 12,091         |
| Notes and accounts receivable:  |                   |                   |
| Grants and contracts, less allowance of \$409 in 2022 and \$292 in 2021 | 11,084            | 15,896            |
| Students:   |                   |                   |
| Tuition, less allowance of \$1,904 in 2022 and \$1,243 in 2021          | 8,670             | 8,583             |
| Notes, less allowance of \$680 in 2022 and 2021                         | 4,651             | 5,595             |
| Other, less allowance of \$666 in 2022 and \$661 in 2021                | 27,536            | 4,207             |
| Pledges, net  | 15,017            | 14,539            |
| Inventories, prepaid expenses, and deferred charges                     | 4,654             | 4,844             |
| Investments   | 299,724           | 310,607           |
| Physical properties, less accumulated depreciation                      | 355,725           | 346,281           |
| Beneficial interest in perpetual trusts                                 | <u>24,056</u>     | <u>26,811</u>     |
| Total assets  | <u>\$ 761,305</u> | <u>\$ 749,454</u> |
| <b>LIABILITIES AND NET ASSETS</b>                                       |                   |                   |
| Liabilities:  |                   |                   |
| Accounts payable and accrued expenses                                   | \$ 20,138         | \$ 16,890         |
| Accrued salaries and wages  | 21,541            | 21,995            |
| Deferred revenue  | 18,707            | 24,934            |
| Deposits by students and others   | 2,500             | 1,947             |
| Accrued postretirement benefit obligation                               | 833               | 966               |
| Obligation under split-interest agreements                              | 381               | 642               |
| Lease liability   | 2,762             | 4,317             |
| Advances from the U.S. government for student loans                     | 3,064             | 4,082             |
| Asset retirement obligation   | 769               | 903               |
| Deferred vendor incentive   | 17,995            | -                 |
| Debt:   |                   |                   |
| Bonds payable   | 155,972           | 161,133           |
| Notes payable   | 38,550            | 33,075            |
| Bond premium payable  | 11,707            | 13,323            |
| Cost of issuance  | <u>(1,660)</u>    | <u>(1,785)</u>    |
| Total debt  | <u>204,569</u>    | <u>205,746</u>    |
| Total liabilities   | <u>293,259</u>    | <u>282,422</u>    |
| Net assets:   |                   |                   |
| Without donor restrictions  | 187,514           | 175,713           |
| With donor restrictions   | <u>280,532</u>    | <u>291,319</u>    |
| Total net assets  | <u>468,046</u>    | <u>467,032</u>    |
| Total liabilities and net assets  | <u>\$ 761,305</u> | <u>\$ 749,454</u> |

See accompanying notes to the consolidated financial statements.

ILLINOIS INSTITUTE OF TECHNOLOGY  
CONSOLIDATED STATEMENT OF ACTIVITIES  
Year ended May 31, 2022  
(In thousands of dollars)

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                    |
|--|-------------------------------|----------------------------|--------------------------|
| Operating revenue:   |                               |                            |                          |
| Tuition and fees, net of scholarships of \$137,341   | \$ 114,926                    | \$ -                       | \$ 114,926               |
| Government grants and contracts  | 54,021                        | -                          | 54,021                   |
| Private grants and contracts   | 23,025                        | -                          | 23,025                   |
| Private gifts  | 11,689                        | 4,711                      | 16,400                   |
| Endowment spending distribution  | 12,335                        | -                          | 12,335                   |
| Sales and services of auxiliary enterprises, net   | 14,567                        | -                          | 14,567                   |
| Other sources  | 13,562                        | -                          | 13,562                   |
| Net assets released from restrictions  | 5,465                         | (5,465)                    | -                        |
| Total operating revenue  | <u>249,590</u>                | <u>(754)</u>               | <u>248,836</u>           |
| Operating expenses:  |                               |                            |                          |
| Faculty salaries   | 62,308                        | -                          | 62,308                   |
| Administrative salaries  | 48,358                        | -                          | 48,358                   |
| Part-time salaries   | 14,815                        | -                          | 14,815                   |
| Employee benefits  | 28,475                        | -                          | 28,475                   |
| Operations and maintenance   | 25,868                        | -                          | 25,868                   |
| Supplies and services  | 43,075                        | -                          | 43,075                   |
| Professional fees and advertising  | 17,634                        | -                          | 17,634                   |
| IITRI research   | 20,554                        | -                          | 20,554                   |
| Interest on indebtedness   | 5,815                         | -                          | 5,815                    |
| Depreciation   | 20,671                        | -                          | 20,671                   |
| Total operating expenses   | <u>287,573</u>                | <u>-</u>                   | <u>287,573</u>           |
| <b>Decrease in net assets before<br/>gain on sale of fixed assets</b>                          | <b>(37,983)</b>               | <b>(754)</b>               | <b>(38,737)</b>          |
| Gain on sale of fixed assets   | <u>8,228</u>                  | <u>-</u>                   | <u>8,228</u>             |
| <b>Decrease in net assets after gain on sale of fixed assets<br/>from operating activities</b> | <b>(29,755)</b>               | <b>(754)</b>               | <b>(30,509)</b>          |
| Nonoperating revenue and expenses:   |                               |                            |                          |
| Private gifts  | -                             | 7,906                      | 7,906                    |
| Change in donor designation  | (264)                         | 264                        | -                        |
| Return on investments, net   | (2,236)                       | (5,784)                    | (8,020)                  |
| Net loss on beneficial interest on perpetual trusts  | -                             | (2,755)                    | (2,755)                  |
| Endowment spending distribution  | (2,842)                       | (9,493)                    | (12,335)                 |
| Gain on sale of broadband channel  | 55,000                        | -                          | 55,000                   |
| Restructuring expenses   | (4,280)                       | -                          | (4,280)                  |
| Other  | (3,822)                       | (171)                      | (3,993)                  |
| <b>Increase (decrease) in net assets from<br/>nonoperating activities</b>                      | <b>41,556</b>                 | <b>(10,033)</b>            | <b>31,523</b>            |
| <b>Increase (decrease) in net assets</b>   | <b>11,801</b>                 | <b>(10,787)</b>            | <b>1,014</b>             |
| Net assets at beginning of year  | <u>175,713</u>                | <u>291,319</u>             | <u>467,032</u>           |
| <b>Net assets at end of year</b>   | <b><u>\$ 187,514</u></b>      | <b><u>\$ 280,532</u></b>   | <b><u>\$ 468,046</u></b> |

See accompanying notes to the consolidated financial statements.

ILLINOIS INSTITUTE OF TECHNOLOGY  
CONSOLIDATED STATEMENT OF ACTIVITIES  
Year ended May 31, 2021  
(In thousands of dollars)

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>      |
|--|---------------------------------------|------------------------------------|-------------------|
| Operating revenue:   |                                       |                                    |                   |
| Tuition and fees, net of scholarships of \$131,103             | \$ 113,372                            | \$ -                               | \$ 113,372        |
| Government grants and contracts                                | 59,985                                | -                                  | 59,985            |
| Private grants and contracts                                   | 22,858                                | -                                  | 22,858            |
| Private gifts  | 17,460                                | 3,530                              | 20,990            |
| Endowment spending distribution                                | 11,945                                | -                                  | 11,945            |
| Sales and services of auxiliary enterprises, net               | 9,849                                 | -                                  | 9,849             |
| Other sources  | 20,156                                | -                                  | 20,156            |
| Net assets released from restrictions                          | <u>16,707</u>                         | <u>(16,707)</u>                    | <u>-</u>          |
| Total operating revenue  | <u>272,332</u>                        | <u>(13,177)</u>                    | <u>259,155</u>    |
| Operating expenses:  |                                       |                                    |                   |
| Faculty salaries   | 60,419                                | -                                  | 60,419            |
| Administrative salaries  | 45,083                                | -                                  | 45,083            |
| Part-time salaries   | 12,307                                | -                                  | 12,307            |
| Employee benefits  | 24,969                                | -                                  | 24,969            |
| Operations and maintenance                                     | 19,865                                | -                                  | 19,865            |
| Supplies and services  | 48,123                                | -                                  | 48,123            |
| Professional fees and advertising                              | 12,840                                | -                                  | 12,840            |
| IITRI research   | 24,796                                | -                                  | 24,796            |
| Interest on indebtedness                                       | 5,625                                 | -                                  | 5,625             |
| Depreciation   | <u>20,034</u>                         | <u>-</u>                           | <u>20,034</u>     |
| Total operating expenses                                       | <u>274,061</u>                        | <u>-</u>                           | <u>274,061</u>    |
| <b>Decrease in net assets from<br/>operating activities</b>    | <u>(1,729)</u>                        | <u>(13,177)</u>                    | <u>(14,906)</u>   |
| Nonoperating revenue and expenses:                             |                                       |                                    |                   |
| Private gifts  | -                                     | 4,420                              | 4,420             |
| Change in donor designation                                    | 173                                   | (173)                              | -                 |
| Return on investments, net                                     | 14,342                                | 48,541                             | 62,883            |
| Net gain on beneficial interest on perpetual trusts            | -                                     | 5,607                              | 5,607             |
| Endowment spending distribution                                | (2,901)                               | (9,044)                            | (11,945)          |
| Net assets released from restrictions                          | 459                                   | (459)                              | -                 |
| Restructuring expenses   | (535)                                 | -                                  | (535)             |
| Other  | <u>2,437</u>                          | <u>9</u>                           | <u>2,446</u>      |
| <b>Increase in net assets from<br/>nonoperating activities</b> | <u>13,975</u>                         | <u>48,901</u>                      | <u>62,876</u>     |
| <b>Increase in net assets</b>                                  | 12,246                                | 35,724                             | 47,970            |
| Net assets at beginning of year                                | <u>163,467</u>                        | <u>255,595</u>                     | <u>419,062</u>    |
| <b>Net assets at end of year</b>                               | <u>\$ 175,713</u>                     | <u>\$ 291,319</u>                  | <u>\$ 467,032</u> |

See accompanying notes to the consolidated financial statements.



ILLINOIS INSTITUTE OF TECHNOLOGY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years ended May 31, 2022 and 2021  
(In thousands of dollars)

|  | <u>2022</u>      | <u>2021</u>      |
|--|------------------|------------------|
| <b>Cash flows from operating activities</b>  |                  |                  |
| Increase in net assets   | \$ 1,014         | \$ 47,970        |
| Adjustments to reconcile increase in net assets to net cash from operating activities: |                  |                  |
| Private gifts restricted for long-term investment                                      | (7,663)          | (20,128)         |
| Depreciation   | 20,671           | 20,034           |
| Amortization   | (1,874)          | (1,862)          |
| Net loss (gain) on investments   | 11,139           | (60,400)         |
| Net loss (gain) on beneficial interest in perpetual trust                              | 2,755            | (5,607)          |
| Gain on sale of fixed assets and broadband channel                                     | (63,228)         | -                |
| Accretion on asset retirement obligation   | 366              | 187              |
| Changes in assets and liabilities:   |                  |                  |
| Receivables: tuition, grants, pledges, and other                                       | 7,892            | 6,568            |
| Inventories, prepaid expenses, and deferred charges                                    | 190              | (1,609)          |
| Accounts payable and accrued expenses  | 1,539            | (384)            |
| Accrued salaries and wages   | (454)            | 3,310            |
| Deferred revenue   | (6,227)          | 10,447           |
| Lease liability  | (997)            | -                |
| Deposits by students and others  | 553              | 593              |
| Accrued postretirement benefit obligation  | (133)            | (90)             |
| Obligations under split-interest agreements  | (261)            | (42)             |
| Asset retirement obligation  | (500)            | (221)            |
| Net cash from operating activities   | <u>(35,218)</u>  | <u>(1,234)</u>   |
| <b>Cash flows from investing activities</b>  |                  |                  |
| Proceeds from sale of investments  | 298,147          | 550,095          |
| Purchase of investments  | (298,403)        | (540,580)        |
| Purchase of physical properties  | (36,596)         | (30,680)         |
| Proceeds from sale of fixed assets and broadband channel                               | 44,360           | -                |
| Issuance of notes receivables  | (107)            | (142)            |
| Payments received on notes receivable  | 1,077            | 1,430            |
| Net cash from investing activities   | <u>8,478</u>     | <u>(19,877)</u>  |
| <b>Cash flows from financing activities</b>  |                  |                  |
| Private gifts restricted for long-term investment                                      | 7,663            | 20,128           |
| Advances from the U.S. government for student loans                                    | (1,018)          | (1,274)          |
| Proceeds from deferred vendor incentive  | 18,378           | -                |
| Payments on capital lease  | (500)            | (460)            |
| Proceeds on notes and bonds payable  | 5,475            | 13,300           |
| Payments on notes and bonds payable  | (5,161)          | (4,956)          |
| Net cash from financing activities   | <u>24,837</u>    | <u>26,738</u>    |
| <b>Change in cash</b>  | (1,903)          | 5,627            |
| Cash at:   |                  |                  |
| Beginning of year  | <u>12,091</u>    | <u>6,464</u>     |
| <b>End of year</b>   | <u>\$ 10,188</u> | <u>\$ 12,091</u> |
| Supplemental disclosure of cash flow information:                                      |                  |                  |
| Cash paid for interest   | \$ 7,373         | \$ 4,332         |
| Construction payable   | 3,404            | 1,695            |
| Broadband receivable   | 27,000           | -                |

See accompanying notes to the consolidated financial statements.

ILLINOIS INSTITUTE OF TECHNOLOGY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
May 31, 2022 and 2021  
(In thousands of dollars)

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

Basis of Presentation: Illinois Institute of Technology (the University or Illinois Tech) is a private not-for-profit coeducational technical institution that is dedicated to superior teaching and excellent scholarship. Located in Chicago, Illinois, the University enrolls a diverse student body from across the nation and a number of foreign countries.

IIT India is a private not-for-profit entity headquartered in Bangalore, India. The entity has been created to facilitate IIT's ability to deliver long distance internet-based educational programs to residents of various cities in India.

IIT Research Institute (IITRI) is a not-for-profit corporation working for the advancement of knowledge and the beneficial application of science to meet the needs of society. IITRI's articles of incorporation provide that, in addition to its primary purpose, it will support and assist the University, and in the event of dissolution, IITRI's assets would be distributed to the University. Members of the executive committee of the board of trustees of the University are members of the IITRI Corporation. Four officers of the University serve ex officio as members of the IITRI Board of Governors. IITRI also prepares separate annual financial statements as of September 30, its fiscal year end.

The accompanying consolidated financial statements are as of May 31, which have been prepared on the accrual basis of accounting, include the accounts of Illinois Institute of Technology, IIT India, and IITRI as of May 31. All significant intercompany transactions between these entities have been eliminated from the accompanying consolidated financial statements.

Net Asset Categories: The University maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

For financial statement reporting purposes, however, the University's consolidated financial statements have been prepared to focus on the organization as a whole and to present balances and transactions in accordance with donor-imposed restrictions.

Net assets and related activity are classified and reported as follows:

*Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions.

*With Donor Restrictions* – Net assets that are subject to donor-imposed restrictions that will be met either by actions of the University or the passage of time. Items that affect this net asset category include gifts for which restrictions have not been satisfied and annuity and life income gifts for which the ultimate purpose of the proceeds is restricted temporarily.

Additionally, net assets that are subject to donor-imposed restrictions that require them to be maintained permanently by the University are considered net assets with donor restriction. Items that affect this net asset category include gifts and pledges wherein donors stipulate that the corpus be held in perpetuity (primarily gifts for endowment and providing loans to students) and only the income be made available for program operations, and annuity and life income gifts for which the ultimate purpose of the proceeds is permanently restricted.

Operations: Operating results in the consolidated statements of activities reflect all transactions increasing or decreasing net assets except those items associated with gifts and income relating to long-term investment, endowment spending, and other infrequent gains, losses, revenues, and expenses.

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(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 May 31, 2022 and 2021  
 (In thousands of dollars)

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
 (Continued)

Revenue Recognition:

*Tuition, Fees, and Auxiliary Services*

Tuition and fees are derived from academic services rendered by the University on campus and online, as well as from related educational resources that the University provides to its students, such as access to course and online materials. The University recognizes revenue for academic services over the applicable academic term. Scholarships provided to students by the University are reflected as a reduction of gross tuition and fees. For the years ended May 31, 2022 and 2021, tuition and fees revenue was reduced by approximately \$137,341 and \$131,103, respectively, due to scholarships the University provided to students. Tuition and fees received in advance of services are reported as deferred revenue and student deposits in the consolidated statements of financial position.

Sales and services of auxiliary enterprises include housing services, food services, a bookstore, parking operations, and events. The University recognizes revenue for housing and certain food services proportionately over the applicable academic term. For the years ended May 31, 2022 and 2021, auxiliary revenue was reduced by approximately \$4,742 and \$3,221, respectively, due to scholarships the University provided to students.

Fees related to housing and food received in advance of services are reported as deferred revenue and student deposits in the consolidated statements of financial position. The University typically recognizes revenue from other sales and services of auxiliary enterprises at the point in time sales occur or as services are rendered.

Sales and services of auxiliary enterprises consist of the following:

|  | <u>2022</u>          | <u>2021</u>         |
|--|----------------------|---------------------|
| Housing services, net                                  | \$ 6,022             | \$ 4,409            |
| Housing proration due to shift to online learning      | -                    | (3)                 |
| Food services  | 7,238                | 4,868               |
| Food service proration due to shift to online learning | -                    | (3)                 |
| Other  | <u>1,307</u>         | <u>578</u>          |
| <br>Total  | <br><u>\$ 14,567</u> | <br><u>\$ 9,849</u> |

The University's receivables represent unconditional rights to consideration from its contracts with customers. Typically, once a customer is invoiced for tuition, fees, and auxiliary services, payment is due immediately. Gross accounts receivables as of the years ended May 31, 2022 and May 31, 2021 were \$10,574, and \$9,826, respectively. The University's contract liabilities are presented as deferred revenue and student deposits in the consolidated statement of financial position. Deferred revenue and student deposits in any period represent the excess of tuition, fees, and other student payments received over amounts recognized as revenue on the statement of activities. The University's education programs have starting and ending dates that differ from its fiscal year end. Therefore, at fiscal year end, a portion of revenue from these programs is not yet earned. The University does not present information about outstanding performance obligations as of year end because its contracts with students all had original terms of less than one year.

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
May 31, 2022 and 2021  
(In thousands of dollars)

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
(Continued)

The University maintains an institutional tuition refund policy, which provides for all or a portion of tuition and fees to be refunded if a student withdraws during the stated refund period.

The University had no costs that were capitalized to obtain or to fulfill a contract with a customer.

*Exchange Transactions from Grants and Contracts*

Revenue from exchange transactions for applied research is recognized over time as the University's contractual performance obligations are satisfied. Revenue from cost-plus contracts is recognized as costs are incurred and includes a proportionate share of the fees earned. The percentage-of-completion method is used to recognize revenue on fixed price contracts based on various performance measures. From time to time, facts develop that require the University to revise its estimated total costs or revenues expected. The cumulative effect of revised estimates is recorded in the period in which the facts requiring revisions become known. Under time-and-materials contracts, labor and related costs are reimbursed at negotiated, fixed hourly rates. Revenue on time-and-materials contracts is recognized at contractually billable rates as labor hours and direct expenses are incurred. The full amount of anticipated losses on any type of contract is recognized in the period in which they become known.

*Contributions from Gifts, Grants, and Contracts*

Private gifts and government grants that are not considered exchange transactions, including pledges, are recognized in the period received. Conditional gifts, with a barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor. Contributions of assets other than cash are recorded at estimated fair value. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible pledges receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

Contributions received with donor-imposed restrictions that are met in the same year as the gifts are received are reported in the net asset without donor restrictions class. Contributions of land, building, and equipment without donor-imposed restrictions concerning the use of such long-lived assets are reported in the net asset without donor restrictions class. Contributions of cash or other assets to be used to acquire land, building, and equipment with such donor restrictions are reported in the net asset with donor restrictions class; the restrictions are considered to be released at the time the long-lived assets are placed in service.

Grants and contracts for basic research and other sponsored programs are generally subject to restrictions and conditions that must be met before the University is entitled to funding. Accordingly, advances from granting agencies are generally considered refundable in the unlikely event specified services are not performed. The University recognizes contribution revenue on grants for basic research and other sponsored programs as the awards for such programs are expended, since expenditure in accordance with award terms typically results in the simultaneous release of restrictions and conditions imposed by the grantor.

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(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
(Continued)

At May 31, 2022, the University and IITRI also had unexpended grant awards of approximately \$12,066 for which revenue has not been recognized pending fulfillment of conditions associated with the awards, which generally coincides with expenditure.

Indirect cost recovery by the University on U.S. government grants and contracts is based upon predetermined negotiated rates or provisional rates and is recorded as grants and contracts revenue.

Funding from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act): In March of 2020, the University was allocated \$3,730 in funding through the Higher Education Emergency Relief Fund (HEERF I) as authorized in the CARES Act. As required by the Act, 50% of that allocation was directed to provide emergency financial aid grants to students and 50% to cover costs incurred by the University in connection with the coronavirus pandemic. During the years ended May 31, 2022 and 2021, the University awarded \$0 and \$1,681, respectively, in emergency financial aid grants to students. During the years ended May 31, 2022 and 2021, the University therefore recognized revenue of \$0 and \$1,681, respectively, from the institutional portion of the funding to the extent that it met the conditions to incur allowable expenses. During the years ended May 31, 2022 the University has recognized all revenue from the institutional allocation of the CARES Act as all conditions have been met.

Funding from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA): In January of 2021, the University was allocated \$5,464 in funding through the Higher Education Emergency Relief Fund (HEERF II) as authorized in the CRRSAA Act. As required by the Act, \$1,865 of that allocation was directed to provide emergency financial aid grants to students and \$3,599 to defray University expenses associated with the coronavirus pandemic, including lost revenue. During the years ended May 31, 2022 and 2021, the University awarded \$173 and \$1,692, respectively, in emergency financial aid grants to students. During the years ended May 31, 2022 and 2021, the University recognized a pro rata share of revenue of \$334 and \$3,265, respectively, from the institutional portion of the funding to the extent that it met the conditions to incur allowable expenses.

Funding from the American Rescue Plan (ARP): In May of 2021, the University was allocated \$9,727 in funding through the Higher Education Emergency Relief Fund (HEERF III) as authorized in the ARP Act. As required by the Act, \$4,869 of that allocation was directed to provide emergency financial aid grants to students and \$4,858 to defray University expenses associated with the coronavirus pandemic, including lost revenue. At May 31, 2021, the University had not yet begun awarding emergency financial aid grants to students and therefore has recorded the institutional portion as deferred revenue to the extent that it met the conditions to incur allowable expenses. During the year ended May 31, 2022, the University awarded \$3,464 in emergency financial aid grants to students. During the year ended May 31, 2022, the University recognized a pro rata share of revenue of \$3,464 from the institutional portion of the funding to the extent that it met the conditions to incur allowable expenses.

Restructuring Expenses: In May of 2018, the University, under the direction of the Finance Committee, began an administrative assessment to find operational cost savings. The core areas of opportunity related to four items: (1) organizational restructuring to optimize service, realize process efficiencies and avoid redundancy of services, (2) elimination of policies and programs that were not cost effective, (3) redirect resources to mission centric and revenue generating activities and (4) consolidate the physical footprint and monetize rentable space. Restructuring expenses amounted to \$4,280 and for \$535 for the fiscal years ended May 31, 2022 and 2021, respectively. The expenses included consulting services, retirement incentives, system/software improvements and restructuring/reorganization of departments.

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ILLINOIS INSTITUTE OF TECHNOLOGY  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

(Continued)

Investments: Investments are reported at fair value. The fair values of investments in stocks, equity mutual funds, bonds, and fixed-income mutual funds are generally determined based on quoted market prices. Management's estimate of the fair value of private equity, venture capital, alternative funds and hedged fund investments is determined based on net asset values (NAV) provided by the external investment managers, as a practical expedient in measuring fair value. The valuations for these investments involve estimates, appraisals, assumptions, and methods, which are reviewed by the University.

Cash equivalents, consisting primarily of fixed-income securities and money market accounts with original maturities of three months or less, related to endowment funds are classified as investments. Investment transactions are recorded on the trade date. Realized gains and losses on the sale of investments are calculated on the basis of specific identification of the securities sold. Investment management fees and service charges are netted against investment income for financial reporting purposes.

Notes Receivable: Student notes receivable consist of Perkins loans and University loans. The University establishes valuation allowances for notes receivable based on estimates of future collectability.

Inventory: Inventories are stated at cost, which is determined by the first-in, first-out method for both the University and IITRI.

Physical Properties: The University's and IITRI's fixed assets are recorded at cost of construction or acquisition. The University and IITRI depreciate their land improvements, buildings, and equipment on the straight-line method over their estimated useful lives, which range from 3 to 50 years.

Upon sale or retirement of an asset, a gain or loss is recorded based on the net book value at the time of sale or retirement. Minor expenditures for renovations, construction, and replacement of equipment are charged to current operations and are not capitalized.

Impairment of Long-Lived Assets: The University and IITRI account for long-lived assets in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 360 Subtopic 10, *Impairment or Disposal of Long-Lived Assets*. FASB ASC Section 360 Subtopic 10 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Management does not believe there are any impairments to long-lived assets.

Beneficial Interest in Perpetual Trusts: The University has a beneficial interest in certain perpetual trusts that are held by third parties and are reported at fair value. The University recognizes contribution revenue equal to its proportionate share of the fair value of the trust assets upon notification and determination that its right to receive benefits under the agreement is unconditional. Changes in the fair value of the University's interest in the trust assets are reflected as gains or losses in the period they occur.

Split-Interest Agreements: The University's split-interest agreements with donors consist of irrevocable charitable remainder trusts, annuity trusts, and charitable gift annuities for which the University is either the remainder beneficiary or both the trustee and the remainder beneficiary.

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(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
(Continued)

Assets held in trust for which the University serves as trustee are included in investments. In addition, the present value of the estimated future payments to be made to the donors and/or other beneficiaries is reported as an obligation under split-interest agreements. The liabilities are adjusted during the term of the agreements for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

Assets held in trust for which the University does not serve as trustee are not reported as investments in the consolidated financial statements. However, contribution revenue and a receivable are recognized at the date the trusts are established at the fair value of the trust assets, which represents the estimated present value of the expected future cash flows to be received.

Income Taxes: The University and IITRI have each received a determination letter from the Internal Revenue Service (IRS) stating that they are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code except for tax on unrelated business income. It is management's belief that none of its activities have produced material unrelated business income, and that the University has operated in a manner that qualifies it for tax-exempt status.

U.S. generally accepted accounting principles require University management to evaluate tax positions taken by the University and IITRI and recognize a tax liability (or asset) if the University and IITRI have taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed tax positions taken by the University and IITRI and has concluded that as of May 31, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The University and IITRI are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The University and IITRI management believes it is no longer subject to income tax examinations for years prior to 2019.

Use of Estimates: The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Reclassifications: Certain reclassifications have been made to prior year amounts to conform to the current year presentation. These reclassifications did not impact changes in net assets or net assets.

Right of Use Assets and Lease Liabilities: Right of use ("ROU") assets represent the University's right to use the underlying assets for the lease term and lease liabilities represent the net present value of the University's obligation to make payments arising from these leases. The lease liabilities are based on the present value of fixed lease payments over the lease term using the University's incremental borrowing rate on the lease commencement date or June 1, 2020 for leases that commenced prior to that date. If the lease includes one or more options to extend the term of the lease, the renewal option is considered in the lease term if it is reasonably certain the University will exercise the options. Operating lease expense is recognized on a straight-line basis over the term of the lease. As permitted by ASC 842, leases with an initial term of twelve months or less ("short-term leases") are not recorded on the accompanying balance sheet.

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ILLINOIS INSTITUTE OF TECHNOLOGY  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
(Continued)

The University has lease agreements with lease and non-lease components, which are accounted for as a single lease component under the practical expedient provisions of the standard. The University has lease agreements with terms less than one year. For the qualifying short-term leases, the University elected the short-term lease recognition exemption in which the Organization will not recognize ROU assets or lease liabilities, including the ROU assets or lease liabilities for existing short-term leases of those assets in upon adoption.

Variable lease payments consist primarily of common area maintenance, utilities and taxes, which are not included in the recognition of ROU assets and related lease liabilities. Variable lease payments and short-term lease expenses were immaterial to the University's consolidated financial statements for the year ended May 31, 2022. The University's lease agreements do not contain material restrictive covenants. The University includes ROU assets within physical properties, less accumulated depreciation, on the consolidated statements of financial position.

The University is a lessee in several non-cancellable operating leases, for a research and development building space, networking and copier equipment. A finance lease is for the University's wireless system. The University determines if an arrangement is a lease at inception.

**NOTE 2 - INVESTMENTS**

Investments consist of the following at May 31:

|   | 2022<br><u>Fair Value</u> | 2021<br><u>Fair Value</u> |
|---|---------------------------|---------------------------|
| Cash equivalents                            | \$ 28,085                 | \$ 23,330                 |
| Stocks                                      | 551                       | 1,268                     |
| Equity mutual funds                         | 129,486                   | 175,305                   |
| Bonds (IITRI)                               | 4,662                     | 4,834                     |
| Fixed income mutual funds                   | 32,242                    | 65,549                    |
| Alternative funds                           | 63,246                    | 22,539                    |
| Hedged equity funds                         | -                         | 1,339                     |
| Private equity and venture<br>capital funds | <u>41,452</u>             | <u>16,443</u>             |
| Total investments                           | <u>\$ 299,724</u>         | <u>\$ 310,607</u>         |

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(Continued)



ILLINOIS INSTITUTE OF TECHNOLOGY  
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**NOTE 2 – INVESTMENTS** (Continued)

For investment purposes, the University pools substantially all assets of its endowment accounts. Each account owns “units” of the consolidated investment pool. The pooled assets are valued on an annual basis and a fair value per unit is determined, which is used to calculate the number of units purchased by accounts entering the pool and redeemed by accounts withdrawing from the pool. Income (interest, dividends, and rents) earned by the investment pool is distributed to the individual accounts on the basis of average units owned by each account in the pool during the year. The University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and interest and dividend income. The objective is to provide a stable source of funds to help and support the ongoing operation and activities of the University. The hedged equity, private equity, and venture capital funds are longer-lived, and include an overall investment strategy designed to enhance return and diversify risk.

Return on investments consists of the following for the years ended May 31:

|  | <u>2022</u>       | <u>2021</u>      |
|--|-------------------|------------------|
| Return on investments:                                 |                   |                  |
| Interest and dividends                                 | \$ 3,119          | \$ 2,483         |
| Net realized and unrealized (loss) gain on investments | <u>(11,139)</u>   | <u>60,400</u>    |
| Net return on investments                              | <u>\$ (8,020)</u> | <u>\$ 62,883</u> |

The return on investments reflects (loss) income from investments held by IITRI of \$(173) and \$72 for 2022 and 2021, respectively.

**NOTE 3 - FAIR VALUE MEASUREMENT**

FASB ASC Section 820, *Fair Value Measurement*, defines fair value as the price that could be received for an asset or paid to transfer a liability in the University’s principal or most advantageous market in an orderly transaction between market participants on the measurement date.

FASB ASC Section 820 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

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(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY  
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**NOTE 3 - FAIR VALUE MEASUREMENT** (Continued)

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. In 2022 and 2021, the University used the following valuation techniques to measure the financial instruments fair value:

Level 1 consists of financial instruments, such as cash and cash equivalents, bond proceeds, mutual funds, stocks, and money market funds, whose value is based on quoted market prices published by a financial institution or exchange funds, exchange-traded instruments, and listed equities.

Level 2 consists of fixed income securities that use pricing inputs other than quoted prices for similar investments in active markets, quoted prices for identical or similar investments in markets that are not active, or inputs other than quoted prices that are observable including model-based valuation techniques.

Level 3 consists of investments for which there are no active markets. The University has beneficial interests in perpetual trusts as Level 3. Beneficial interests in perpetual trusts are held by various financial institutions. These values are based on the University's proportionate share of the investments. The fair values of the investments in these trusts are based on quoted market prices published by financial institutions.

The University's interests in alternative investment funds, such as hedged equity funds, private equity, venture capital funds, certain global equities and real estate are reported at the NAV, which is used as a practical expedient to estimate fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of May 31, 2022 and 2021, the University had no plans to sell investments at amounts different from NAV. The University has \$180,785 and \$94,915 for 2022 and 2021, respectively, of investments in alternative investment funds, which are reported at fair value. The University has concluded that the NAV reported by the underlying fund approximates the fair value for these investments. Certain investments are redeemable with the fund at NAV under the original terms of the partnership agreements and/or subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the University's interests in the funds. Furthermore, changes to the liquidity provisions of the funds may significantly impact the fair value of the University's interest in the funds.

Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions occur in this limited secondary market, they may occur at discounts to the reported NAV. Therefore, if the redemption rights in the funds were restricted or eliminated and the University were to sell these investments in the secondary market, it is reasonably possible that a buyer in the secondary market may require a discount to the reported NAV, and the discount could be significant. The University has \$29,061 in unfunded commitments relative to private equity, venture capital and hedged equity alternative investments.

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(Continued)

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**NOTE 3 - FAIR VALUE MEASUREMENT (Continued)**

Assets Measured on a Recurring Basis

The following tables present information about the University's financial assets that are measured at fair value on a recurring basis as of May 31, 2022 and 2021, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

|   | 2022          |          |          |               |               | Redemption<br>or Liquidation | Days'<br>Notice    |
|---|---------------|----------|----------|---------------|---------------|------------------------------|--------------------|
|   | Level 1       | Level 2  | Level 3  | NAV           | Total         |                              |                    |
| <b>Investments:</b>                                   |               |          |          |               |               |                              |                    |
| Cash and cash equivalents                             | \$ 28,085     | \$ -     | \$ -     | \$ -          | \$ 28,085     | Daily                        | One                |
| <b>Domestic fixed income:</b>                         |               |          |          |               |               |                              |                    |
| Fixed income (FIT)                                    | 718           | -        | -        | -             | 718           | Daily                        | One, Trade Day + 2 |
| Fixed income (FITR)                                   | 4,662         | -        | -        | -             | 4,662         | Daily                        | One                |
| Eaton Vance Advantage Floating Rate Fund              | 6,409         | -        | -        | -             | 6,409         | Daily                        | One, Trade Day + 2 |
| Ellington Enhanced Income Fund, Ltd                   | -             | -        | -        | 9,932         | 9,932         | Monthly                      | 30                 |
| iShares 1-5 Year Investment Grade Corporate Bond ETF  | 1,852         | -        | -        | -             | 1,852         | Daily                        | One, Trade Day + 2 |
| iShares Core U.S. Aggregate Bond ETF                  | 5,762         | -        | -        | -             | 5,762         | Daily                        | One, Trade Day + 2 |
| iShares TIPS Bond ETF                                 | 5,683         | -        | -        | -             | 5,683         | Daily                        | One, Trade Day + 2 |
| Vanguard Short-Term Corporate Bond ETF                | 1,886         | -        | -        | -             | 1,886         | Daily                        | One, Trade Day + 2 |
| Total   | <u>26,972</u> | <u>-</u> | <u>-</u> | <u>9,932</u>  | <u>36,904</u> |                              |                    |
| <b>Domestic equities:</b>                             |               |          |          |               |               |                              |                    |
| Large cap equity                                      | 284           | -        | -        | -             | 284           | Daily                        | One, Trade Day + 2 |
| Small cap   | 46            | -        | -        | -             | 46            | Daily                        | One, Trade Day + 2 |
| State Street Global                                   | 1,559         | -        | -        | -             | 1,559         | Daily                        | One, Trade Day + 2 |
| Adams Fund - Adage Series                             | -             | -        | -        | 13,944        | 13,944        | Quarterly                    | 60                 |
| Heard High Conviction Long Only Fund LLC              | -             | -        | -        | 5,164         | 5,164         | Quarterly                    | 45                 |
| iShares Core Dividend Growth ETF                      | 6,978         | -        | -        | -             | 6,978         | Daily                        | One, Trade Day + 2 |
| iShares Core S&P Total U.S. Stock Market ETF          | 27,200        | -        | -        | -             | 27,200        | Daily                        | One, Trade Day + 2 |
| iShares Russell 1000 Value ETF                        | 7,112         | -        | -        | -             | 7,112         | Daily                        | One, Trade Day + 2 |
| Other   | 1,254         | -        | -        | -             | 1,254         | Daily                        | One                |
| Total   | <u>44,433</u> | <u>-</u> | <u>-</u> | <u>19,108</u> | <u>63,541</u> |                              |                    |
| <b>Global equities:</b>                               |               |          |          |               |               |                              |                    |
| Developed international                               | 242           | -        | -        | -             | 242           | Daily                        | One, Trade Day + 2 |
| Global Infrastructure                                 | 74            | -        | -        | -             | 74            | Daily                        | One, Trade Day + 2 |
| Global Real Estate                                    | 33            | -        | -        | -             | 33            | Daily                        | One, Trade Day + 2 |
| Emerging markets international                        | 41            | -        | -        | -             | 41            | Daily                        | One, Trade Day + 2 |
| AKO European Long Only Fund, Ltd                      | -             | -        | -        | 5,023         | 5,023         | Quarterly                    | 30                 |
| Adams Fund - Ownership Series                         | -             | -        | -        | 3,846         | 3,846         | Monthly                      | 5                  |
| Children's Investment Fund, Ltd (The)                 | -             | -        | -        | 9,562         | 9,562         | Every 24 months              | 120                |
| Egerton Investment Partners, LP                       | -             | -        | -        | 5,868         | 5,868         | Weekly                       | 7                  |
| Generation IM Global Equity Fund                      | -             | -        | -        | 9,803         | 9,803         | Quarterly                    | 30                 |
| GMO Climate Change Fund                               | -             | -        | -        | 4,834         | 4,834         | Daily                        | One, Trade Day + 2 |
| Hillhouse China Value Fund (HHLR CF, LP)              | -             | -        | -        | 4,206         | 4,206         | Quarterly                    | 60                 |
| iShares Core MSCI Emerging Markets ETF                | 1,526         | -        | -        | -             | 1,526         | Daily                        | One, Trade Day + 2 |
| iShares Core MSCI International Developed Markets ETF | 10,551        | -        | -        | -             | 10,551        | Daily                        | One, Trade Day + 2 |
| Kalorama Separate Account Ichigo                      | -             | -        | -        | 3,274         | 3,274         | Every 18 months              | 60                 |
| Kalorama Separate Account Overlook                    | -             | -        | -        | 4,343         | 4,343         | Quarterly                    | 60                 |
| Lone Cascade, LP                                      | -             | -        | -        | 3,270         | 3,270         | Quarterly                    | 30                 |
| Total   | <u>12,467</u> | <u>-</u> | <u>-</u> | <u>54,029</u> | <u>66,496</u> |                              |                    |

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**NOTE 3 - FAIR VALUE MEASUREMENT (Continued)**

|   | 2022              |             |                  |                   |                   | Redemption<br>or Liquidation | Days'<br>Notice    |
|---|-------------------|-------------|------------------|-------------------|-------------------|------------------------------|--------------------|
|   | Level 1           | Level 2     | Level 3          | NAV               | Total             |                              |                    |
| <b>Alternative funds:</b>   |                   |             |                  |                   |                   |                              |                    |
| CBRE U.S. Core Partners, LP   | \$ -              | \$ -        | \$ -             | \$ 14,608         | \$ 14,608         | Quarterly                    | 60                 |
| Clarion Lion Properties Fund, LP  | -                 | -           | -                | 8,405             | 8,405             | Quarterly                    | 90                 |
| Deerfield Partners, L.P.  | -                 | -           | -                | 989               | 989               | 36 months, Quarterly         | 90                 |
| Invesco DB Agriculture Fund   | 1,511             | -           | -                | -                 | 1,511             | Daily                        | One, Trade Day + 2 |
| Kalorama Separate Account Braidwell                                       | -                 | -           | -                | 2,790             | 2,790             | Quarterly                    | 90                 |
| Kalorama Separate Account Diameter  | -                 | -           | -                | 5,241             | 5,241             | Quarterly                    | 90                 |
| Kalorama Separate Account Laurion   | -                 | -           | -                | 5,457             | 5,457             | 12 months, Quarterly         | 45                 |
| Kalorama Separate Account VK March 2012                                   | -                 | -           | -                | 5,751             | 5,751             | Annual                       | 45                 |
| Mariner Atlantic Multi-Strategy Fund, Ltd                                 | -                 | -           | -                | 6,255             | 6,255             | 12 months, Quarterly         | 60                 |
| SPDR Gold Trust (ETF)   | 5,027             | -           | -                | -                 | 5,027             | Daily                        | One, Trade Day + 2 |
| Wilson Fund SPC, Ltd (FJ Capital)   | -                 | -           | -                | 6,912             | 6,912             | Quarterly                    | 60                 |
| Pioneer Interval Fund   | 300               | -           | -                | -                 | 300               | Quarterly                    | 90                 |
| <b>Total</b>  | <b>6,838</b>      | <b>-</b>    | <b>-</b>         | <b>56,408</b>     | <b>63,246</b>     |                              |                    |
| <b>Private equity and venture</b>   |                   |             |                  |                   |                   |                              |                    |
| Base10 Advancement Initiative I, L.P.                                     | -                 | -           | -                | 443               | 443               | None (2)                     | NA                 |
| Bond II, LP   | -                 | -           | -                | 1,555             | 1,555             | None (2)                     | NA                 |
| Coatue Growth V Offshore Feeder Fund LP                                   | -                 | -           | -                | 831               | 831               | None (2)                     | NA                 |
| Commonfund Endowment Venture  | -                 | -           | -                | 260               | 260               | None (2)                     | NA                 |
| Deerfield Private Design Fund V, L.P.                                     | -                 | -           | -                | 712               | 712               | None (2)                     | NA                 |
| Foundation Capital X, L.P.  | -                 | -           | -                | 490               | 490               | None (2)                     | NA                 |
| Georgetown Opportunistic Fund Series LLC - Series 2016 - Sub-Series 44    | -                 | -           | -                | 2,178             | 2,178             | None (2)                     | NA                 |
| Georgetown Opportunistic Fund Series LLC - Series 2016 - Sub-Series 45    | -                 | -           | -                | 3,961             | 3,961             | None (2)                     | NA                 |
| Georgetown Opportunistic Fund Series LLC - Series 2016 - Sub-Series 46    | -                 | -           | -                | 756               | 756               | None (2)                     | NA                 |
| Georgetown Opportunistic Fund Series LLC - Series 2016 - Sub-Series 47    | -                 | -           | -                | 485               | 485               | None (2)                     | NA                 |
| Georgetown Opportunistic Fund Series LLC - Series 2016 - Sub-Series 50    | -                 | -           | -                | 194               | 194               | None (2)                     | NA                 |
| Georgetown Opportunistic Fund Series LLC - Series 2016 - Sub-Series 51    | -                 | -           | -                | 4,076             | 4,076             | None (2)                     | NA                 |
| Georgetown Opportunistic Fund Series LLC - Series 2016 - Sub-Series 53/62 | -                 | -           | -                | 3,496             | 3,496             | None (2)                     | NA                 |
| Georgetown Opportunistic Fund Series LLC - Series 2016 - Sub-Series 54    | -                 | -           | -                | 578               | 578               | None (2)                     | NA                 |
| Georgetown Opportunistic Fund Series LLC - Series 2016 - Sub-Series 58    | -                 | -           | -                | 271               | 271               | None (2)                     | NA                 |
| Georgetown Opportunistic Fund Series LLC - Series 2020 - A Sub-Series 4   | -                 | -           | -                | 1,529             | 1,529             | None (2)                     | NA                 |
| Georgetown Opportunistic Fund Series LLC - Series 2020 - A - Sub-Series 1 | -                 | -           | -                | 502               | 502               | None (2)                     | NA                 |
| Georgetown Opportunistic Fund Series LLC - Series 2021 - A                | -                 | -           | -                | 1,605             | 1,605             | None (2)                     | NA                 |
| Georgetown Opportunistic Fund Series LLC - Series 2021 - B - Sub-Series 1 | -                 | -           | -                | 1,799             | 1,799             | None (2)                     | NA                 |
| Georgetown Opportunistic Fund Series LLC - Series 2021 - C - Sub-Series 1 | -                 | -           | -                | 687               | 687               | None (2)                     | NA                 |
| Georgetown Opportunistic Fund Series LLC - Series 2021 - D                | -                 | -           | -                | 884               | 884               | None (2)                     | NA                 |
| Georgetown Opportunistic Fund Series LLC - Series 2021 - E - Sub-Series 2 | -                 | -           | -                | 108               | 108               | None (2)                     | NA                 |
| Georgetown Opportunistic Fund Series LLC - Series 2021 - F                | -                 | -           | -                | 91                | 91                | None (2)                     | NA                 |
| Georgetown Opportunistic Fund Series LLC - Series 2021 - H - Sub-Series 3 | -                 | -           | -                | 80                | 80                | None (2)                     | NA                 |
| Hirtle Callaghan PE Fund XII  | -                 | -           | -                | 5,243             | 5,243             | None (2)                     | NA                 |
| Hirtle Callaghan Private Equity Fund XI, L.P.                             | -                 | -           | -                | 5,315             | 5,315             | None (2)                     | NA                 |
| iNovia Growth Fund II-A, L.P.   | -                 | -           | -                | 372               | 372               | None (2)                     | NA                 |
| IPI Partners Fund II, LP  | -                 | -           | -                | 1,055             | 1,055             | None (2)                     | NA                 |
| Jen 7 Parallel Fund   | -                 | -           | -                | 827               | 827               | None (2)                     | NA                 |
| Luminate Capital Partners III, LP   | -                 | -           | -                | 237               | 237               | None (2)                     | NA                 |
| Peppertree Capital Fund IX QP LP  | -                 | -           | -                | 95                | 95                | None (2)                     | NA                 |
| RockCreek Impact Fund - Private   | -                 | -           | -                | 592               | 592               | None (2)                     | NA                 |
| RoundTable Healthcare Partners Fund I                                     | -                 | -           | -                | 1                 | 1                 | None (2)                     | NA                 |
| IIA   | -                 | -           | 144              | -                 | 144               | None (2)                     | NA                 |
| <b>Total</b>  | <b>-</b>          | <b>-</b>    | <b>144</b>       | <b>41,308</b>     | <b>41,452</b>     |                              |                    |
| <b>Total investments</b>  | <b>118,795</b>    | <b>-</b>    | <b>144</b>       | <b>180,785</b>    | <b>299,724</b>    |                              |                    |
| <b>Other assets:</b>  |                   |             |                  |                   |                   |                              |                    |
| Cash  | 10,188            | -           | -                | -                 | 10,188            |                              |                    |
| Perpetual trust   | -                 | -           | 24,056           | -                 | 24,056            |                              |                    |
| <b>Total other assets</b>   | <b>10,188</b>     | <b>-</b>    | <b>24,056</b>    | <b>-</b>          | <b>34,244</b>     |                              |                    |
| <b>Total</b>  | <b>\$ 128,983</b> | <b>\$ -</b> | <b>\$ 24,200</b> | <b>\$ 180,785</b> | <b>\$ 333,968</b> |                              |                    |

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ILLINOIS INSTITUTE OF TECHNOLOGY  
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**NOTE 3 - FAIR VALUE MEASUREMENT (Continued)**

|                                       | 2021      |         |         |        |           | Redemption<br>or Liquidation | Days'<br>Notice    |
|---------------------------------------|-----------|---------|---------|--------|-----------|------------------------------|--------------------|
|                                       | Level 1   | Level 2 | Level 3 | NAV    | Total     |                              |                    |
| <b>Investments:</b>                   |           |         |         |        |           |                              |                    |
| Cash and cash equivalents             | \$ 23,330 | \$ -    | \$ -    | \$ -   | \$ 23,330 | Daily                        | One                |
| <b>Fixed income:</b>                  |           |         |         |        |           |                              |                    |
| Fixed income (IIT)                    | 63,997    | 970     | -       | -      | 64,967    | Daily                        | One, Trade Day + 2 |
| Fixed income (IITR)                   | 4,834     | -       | -       | -      | 4,834     | Daily                        | One                |
| Total                                 | 68,831    | 970     | -       | -      | 69,801    |                              |                    |
| <b>Domestic equities:</b>             |           |         |         |        |           |                              |                    |
| Large cap equity                      | 63,821    | -       | -       | -      | 63,821    | Daily                        | One, Trade Day + 2 |
| Adams Fund - Adage Series             | -         | -       | -       | 13,983 | 13,983    | 12 months lock-up, Quarterly | 60                 |
| State Street Global                   | 2,109     | -       | -       | -      | 2,109     | Daily                        | One, Trade Day + 2 |
| Real estate                           | 1,873     | -       | -       | -      | 1,873     | Daily                        | One, Trade Day + 2 |
| Other                                 | 1,268     | -       | -       | -      | 1,268     | Daily                        | One                |
| Total                                 | 69,071    | -       | -       | 13,983 | 83,054    |                              |                    |
| <b>Global (ex-U.S.) equities:</b>     |           |         |         |        |           |                              |                    |
| Developed international               | 36,087    | -       | -       | -      | 36,087    | Daily                        | One, Trade Day + 2 |
| Emerging markets international        | 14,705    | -       | -       | -      | 14,705    | Daily                        | One, Trade Day + 2 |
| Adams Fund - Ownership Series         | -         | -       | -       | 5,000  | 5,000     | Monthly                      | 5                  |
| Egerton                               | -         | -       | -       | 5,626  | 5,626     | Weekly                       | 7                  |
| Emerging Variant                      | -         | -       | -       | 2,483  | 2,483     | Monthly                      | 45                 |
| Generation IM                         | -         | -       | -       | 11,000 | 11,000    | 12 months lock-up, Quarterly | 30                 |
| Hillhouse China Value Feeder          | -         | -       | -       | 4,943  | 4,943     | Quarterly                    | 60                 |
| Kalorama Ichigo                       | -         | -       | -       | 2,905  | 2,905     | Every 18 months              | 60                 |
| Lone Cascade                          | -         | -       | -       | 5,126  | 5,126     | 12 months lock-up, Quarterly | 30                 |
| The Children's Investment Fund        | -         | -       | -       | 5,644  | 5,644     | Every 24 months              | 120                |
| Total                                 | 50,792    | -       | -       | 42,727 | 93,519    |                              |                    |
| <b>Global (ex-U.S.) fixed income:</b> |           |         |         |        |           |                              |                    |
| Emerging markets international        | 582       | -       | -       | -      | 582       | Daily                        | One, Trade Day + 2 |
| Total                                 | 582       | -       | -       | -      | 582       |                              |                    |
| <b>Alternative funds:</b>             |           |         |         |        |           |                              |                    |
| HC Select Equity                      | -         | -       | -       | 1,966  | 1,966     | Locked-up                    | 90                 |
| Deerfield Partners                    | -         | -       | -       | 2,083  | 2,083     | 36 months lock-up, Quarterly | 90                 |
| Kalorama Diameter                     | -         | -       | -       | 2,572  | 2,572     | Quarterly                    | 90                 |
| Kalorama Laurion                      | -         | -       | -       | 7,270  | 7,270     | 12 months lock-up, Quarterly | 45                 |
| Kalorama VK                           | -         | -       | -       | 6,676  | 6,676     | Annual                       | 45                 |
| Insurance Linked Interval Fund        | 1,972     | -       | -       | -      | 1,972     | Quarterly                    | 90                 |
| Total                                 | 1,972     | -       | -       | 20,567 | 22,539    |                              |                    |
| <b>Hedged equity funds of funds:</b>  |           |         |         |        |           |                              |                    |
| <b>Multiple strategies:</b>           |           |         |         |        |           |                              |                    |
| Total return                          | -         | -       | -       | 1,339  | 1,339     | Locked-up (1, 2)             | 60                 |
| Total                                 | -         | -       | -       | 1,339  | 1,339     |                              |                    |

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**NOTE 3 - FAIR VALUE MEASUREMENT (Continued)**

|  | 2021              |               |                  |                  |                   | Redemption<br>of Liquidation | Days'<br>Notice |
|--|-------------------|---------------|------------------|------------------|-------------------|------------------------------|-----------------|
|  | Level 1           | Level 2       | Level 3          | NAV              | Total             |                              |                 |
| Private equity and venture capital funds:            |                   |               |                  |                  |                   |                              |                 |
| Common fund:   |                   |               |                  |                  |                   |                              |                 |
| Capital venture                                      | \$ -              | \$ -          | \$ -             | \$ 323           | \$ 323            | None (2)                     | N/A             |
| Bond Capital Fund II                                 | -                 | -             | -                | 200              | 200               | None (2)                     | N/A             |
| Coatue Growth V Offshore Feeder                      | -                 | -             | -                | 303              | 303               | None (2)                     | N/A             |
| Georgetown Opportunistic - Series 2016 Sub-Series 44 | -                 | -             | -                | 467              | 467               | None (2)                     | N/A             |
| Georgetown Opportunistic - Series 2016 Sub-Series 45 | -                 | -             | -                | 1,600            | 1,600             | None (2)                     | N/A             |
| Georgetown Opportunistic - Series 2016 Sub-Series 47 | -                 | -             | -                | 7                | 7                 | None (2)                     | N/A             |
| Georgetown Opportunistic - Series 2016 Sub-Series 51 | -                 | -             | -                | 2,700            | 2,700             | None (2)                     | N/A             |
| Georgetown Opportunistic - Series 2016 Sub-Series 53 | -                 | -             | -                | 2,000            | 2,000             | None (2)                     | N/A             |
| Georgetown Opportunistic - Series 2016 Sub-Series 54 | -                 | -             | -                | 500              | 500               | None (2)                     | N/A             |
| Georgetown Opportunistic - Series 2016 Sub-Series 56 | -                 | -             | -                | 310              | 310               | None (2)                     | N/A             |
| Georgetown Opportunistic - Series 2020 Sub-Series 1  | -                 | -             | -                | 506              | 506               | None (2)                     | N/A             |
| IIA  | -                 | -             | 144              | -                | 144               | None (2)                     | N/A             |
| HC Private Equity XI                                 | -                 | -             | -                | 5,055            | 5,055             | None (2)                     | N/A             |
| HC Private Equity XII                                | -                 | -             | -                | 2,049            | 2,049             | None (2)                     | N/A             |
| IPI Partners II                                      | -                 | -             | -                | 82               | 82                | None (2)                     | N/A             |
| Jen 7 Parallel                                       | -                 | -             | -                | 196              | 196               | None (2)                     | N/A             |
| Roundtable   | -                 | -             | -                | 1                | 1                 | None (2)                     | N/A             |
| Total  | -                 | -             | 144              | 16,299           | 16,443            |                              |                 |
| <br>Total investments                                | <u>214,578</u>    | <u>970</u>    | <u>144</u>       | <u>94,915</u>    | <u>310,607</u>    |                              |                 |
| <br>Other assets:                                    |                   |               |                  |                  |                   |                              |                 |
| Cash   | 12,091            | -             | -                | -                | 12,091            |                              |                 |
| Perpetual trust                                      | -                 | -             | 26,811           | -                | 26,811            | None                         | N/A             |
| Total other assets                                   | <u>12,091</u>     | <u>-</u>      | <u>26,811</u>    | <u>-</u>         | <u>38,902</u>     |                              |                 |
| <br>Total  | <u>\$ 226,669</u> | <u>\$ 970</u> | <u>\$ 26,955</u> | <u>\$ 94,915</u> | <u>\$ 349,509</u> |                              |                 |

(1) One year from the initial investment

(2) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

**Investment strategy:** The investments above include multiple strategies in investments that are intended to either protect capital through unique investment opportunities while finding value when markets are less than optimal or to maximize returns greater than, while providing less correlation to, the volatility of the overall stock markets. Hedge and absolute return investments which seek to protect capital may include strategies such as equity long/short, relative value, even-driven, etc.

The investment portfolio is diversified to minimize the concentration risk of any single security, class of securities, or asset class. Except as disclosed above, there is no provision for redemption during the life of these funds, and the timing of liquidation is unknown.

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ILLINOIS INSTITUTE OF TECHNOLOGY  
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**NOTE 3 - FAIR VALUE MEASUREMENT** (Continued)

Aggregate investment liquidity as of May 31, 2022 and 2021, is presented below based on redemption or sale period:

|                                       | <u>2022</u>           | <u>2021</u>           |
|---------------------------------------|-----------------------|-----------------------|
| Investment redemption or sale period: |                       |                       |
| Daily                                 | \$ 136,409            | \$ 221,174            |
| Monthly                               | 13,778                | 7,483                 |
| Quarterly                             | 76,797                | 7,515                 |
| Annual                                | 5,751                 | 6,676                 |
| Subject to rolling lock-ups           | 25,537                | 51,316                |
| Redemptions not permitted             | <u>41,452</u>         | <u>16,443</u>         |
| <br>Total                             | <br><u>\$ 299,724</u> | <br><u>\$ 310,607</u> |

The tables below present a reconciliation and income statement classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended May 31, 2022 and 2021:

|                                 |  |
|---------------------------------|--|
|                                 | <u>Beneficial Interest in<br/>Perpetual Trusts</u> |
| Beginning balance, June 1, 2021 | \$ 26,811  |
| Net investment return           | (2,755)  |
| Purchase of investment          | <u>-</u>   |
| Ending balance, May 31, 2022    | <u>\$ 24,056</u>                                   |

|   |          |
|---|----------|
| The amount of total return for the period included in net return on investments attributable to the change in unrealized loss relating to assets still held at May 31, 2022 | \$ 2,755 |
|---|----------|

|                                 |  |
|---------------------------------|--|
|                                 | <u>Beneficial Interest in<br/>Perpetual Trusts</u> |
| Beginning balance, June 1, 2020 | \$ 21,204  |
| Net investment return           | 5,607  |
| Purchase of investment          | <u>-</u>   |
| Ending balance, May 31, 2021    | <u>\$ 26,811</u>                                   |

|   |          |
|---|----------|
| The amount of total return for the period included in net return on investments attributable to the change in unrealized gain relating to assets still held at May 31, 2021 | \$ 5,607 |
|---|----------|

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ILLINOIS INSTITUTE OF TECHNOLOGY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 4 - ENDOWMENTS**

The University endowments include both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. As required by applicable standards, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of trustees of the University has interpreted the State of Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Notwithstanding the foregoing, this determination is not intended to, and shall not, affect the University's authority under UPMIFA to spend any amounts from an endowment fund on a short-term basis even if the market value of the endowment fund is below the original value of the gifts by the donor. As the result of this interpretation, the University classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment; (b) the original value of the subsequent gifts to the permanent endowments; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time of accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund including unrealized gains and losses attributable to those gifts is classified as net assets with donor restrictions as there are specific purpose restrictions that have not been met by the University.

Endowment net assets consist of the following as of May 31, 2022:

|                                    | Without Donor<br>Restrictions | With Donor Restrictions |                     |                   | Total<br>Endowment<br>Funds |
|------------------------------------|-------------------------------|-------------------------|---------------------|-------------------|-----------------------------|
|                                    |                               | Other<br>Funds          | Underwater<br>Funds | Total             |                             |
| Board-designated funds             | \$ 66,888                     | \$ -                    | \$ -                | \$ -              | \$ 66,888                   |
| Donor-restricted endowment corpus  |                               |                         |                     |                   |                             |
| Original donor-restricted gifts    | -                             | 132,585                 | 74,929              | 207,514           | 207,514                     |
| Accumulated gains (losses)         | -                             | 22,617                  | (7,898)             | 14,719            | 14,719                      |
| Donor-restricted endowment pledges | -                             | 4,857                   | -                   | 4,857             | 4,857                       |
| <b>Total</b>                       | <b>\$ 66,888</b>              | <b>\$ 160,059</b>       | <b>\$ 67,031</b>    | <b>\$ 227,090</b> | <b>\$ 293,978</b>           |

Endowment net assets consist of the following as of May 31, 2021:

|                                    | Without Donor<br>Restrictions | With Donor Restrictions |                     |                   | Total<br>Endowment<br>Funds |
|------------------------------------|-------------------------------|-------------------------|---------------------|-------------------|-----------------------------|
|                                    |                               | Other<br>Funds          | Underwater<br>Funds | Total             |                             |
| Board-designated funds             | \$ 69,402                     | \$ -                    | \$ -                | \$ -              | \$ 69,402                   |
| Donor-restricted endowment corpus  |                               |                         |                     |                   |                             |
| Original donor-restricted gifts    | -                             | 173,668                 | 31,403              | 205,071           | 205,071                     |
| Accumulated gains (losses)         | -                             | 33,265                  | (5,077)             | 28,188            | 28,188                      |
| Donor-restricted endowment pledges | -                             | 1,664                   | -                   | 1,664             | 1,664                       |
| <b>Total</b>                       | <b>\$ 69,402</b>              | <b>\$ 208,597</b>       | <b>\$ 26,326</b>    | <b>\$ 234,923</b> | <b>\$ 304,325</b>           |

(Continued)



ILLINOIS INSTITUTE OF TECHNOLOGY  
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**NOTE 4 - ENDOWMENTS** (Continued)

Changes in endowment net assets for the year ended May 31, 2022, are as follows:

|   | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>      |
|---|---------------------------------------|------------------------------------|-------------------|
| Net assets, beginning of year                         | \$ 69,402                             | \$ 234,923                         | \$ 304,325        |
| Endowment-related investment return:                  |                                       |                                    |                   |
| Endowment-related investment income, net              | 695                                   | 2,305                              | 3,000             |
| Endowment-related net realized and<br>unrealized loss | <u>(2,400)</u>                        | <u>(7,975)</u>                     | <u>(10,375)</u>   |
| Total endowment-related investment return, net        | (1,705)                               | (5,670)                            | (7,375)           |
| Contributions:  |                                       |                                    |                   |
| Additions to endowment                                | 1,952                                 | 4,107                              | 6,059             |
| Change in pledges with donor restrictions             | -                                     | 3,193                              | 3,193             |
| Appropriation   | (2,842)                               | (9,493)                            | (12,335)          |
| Net stock receipts/distributions                      | <u>81</u>                             | <u>30</u>                          | <u>111</u>        |
| Net assets, end of year                               | <u>\$ 66,888</u>                      | <u>\$ 227,090</u>                  | <u>\$ 293,978</u> |

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ILLINOIS INSTITUTE OF TECHNOLOGY  
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**NOTE 4 - ENDOWMENTS** (Continued)

Changes in endowment net assets for the year ended May 31, 2021, are as follows:

|   | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>      |
|---|---------------------------------------|------------------------------------|-------------------|
| Net assets, beginning of year                         | \$ 63,272                             | \$ 192,691                         | \$ 255,963        |
| Endowment-related investment return:                  |                                       |                                    |                   |
| Endowment-related investment income, net              | 552                                   | 1,856                              | 2,408             |
| Endowment-related net realized and<br>unrealized gain | <u>13,741</u>                         | <u>46,185</u>                      | <u>59,926</u>     |
| Total endowment-related investment return, net        | 14,293                                | 48,041                             | 62,334            |
| Contributions:  |                                       |                                    |                   |
| Additions to endowment                                | 4,641                                 | 3,188                              | 7,829             |
| Change in pledges with donor restrictions             | -                                     | (256)                              | (256)             |
| Liquidations  | (9,534)                               | -                                  | (9,534)           |
| Appropriation   | (2,901)                               | (9,044)                            | (11,945)          |
| Net stock receipts/distributions                      | -                                     | (69)                               | (69)              |
| Other   | -                                     | 3                                  | 3                 |
| Reclassification                                      | <u>(369)</u>                          | <u>369</u>                         | <u>-</u>          |
| Net assets, end of year                               | <u>\$ 69,402</u>                      | <u>\$ 234,923</u>                  | <u>\$ 304,325</u> |

Spending Policy and Strategies Employed for Achieving Objectives: The University has adopted an investment policy to provide a stable source of funds to help and support the ongoing operations and activities of the University. Pursuant to this objective, the University seeks to earn a long-term total rate of return sufficient to produce growth of endowment assets, net of spending requirements of 5%, inflation, and investment expenses.

The purpose of the endowment funds is to facilitate donors' desires to make substantial long-term gifts to the community and to develop a new and significant source of revenue for the University. In doing so, the endowment fund will provide a secure, long-term source of funds to: (a) fund special programs; (b) ensure long-term growth; (c) enhance the University's ability to meet changing community needs; and (d) support the administrative expenses of the University as deemed appropriate.

To achieve these goals, the University's spending policy utilizes the total return concept of endowment spending. Under the method adopted by the University, interest and dividends as well as appreciation on investments held by the investment pool are made available for spending. The University's total endowment fund spending is based upon a target percentage of a subset of investments. The target percentage set by the board of trustees is 5% of the average quarterly endowment balance for the prior 12 quarters. The board of trustees set endowment distribution expenditure is \$12,335 for fiscal year 2022 and \$11,945 for fiscal year 2021. The board of trustees budgeted endowment distribution is \$13,300 for fiscal year 2023.

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ILLINOIS INSTITUTE OF TECHNOLOGY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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 (In thousands of dollars)

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**NOTE 4 - ENDOWMENTS** (Continued)

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor gave to the University to retain as a fund of perpetual duration. These deficiencies are the result of unfavorable investment returns in prior fiscal years, as well as appropriations deemed prudent, for certain programs, by the board of trustees.

The University has a policy that permits distribution for expenditure from underwater endowment funds, unless otherwise precluded by the donor intent or relevant laws and regulations. The target percentage set by the board of trustees is 5% of the average quarterly endowment balance for the prior 12 quarters. So as not to suspend certain programs, it was deemed prudent to appropriate \$4,820 in fiscal year 2022 and \$2,315 in fiscal year 2021 included in the total endowment distribution from the underwater endowment funds for the expenditure on the donor restricted program purposes.

The University made a board approved \$10,000 draw from its restricted endowment to finance the renovation of Kacek Hall (formerly Bailey Hall). The amount was paid back in May of 2021.

**NOTE 5 - PLEDGES RECEIVABLE**

Pledges receivable consist of unconditional promises to give and are summarized as follows at May 31:

|   | <u>2022</u>      | <u>2021</u>      |
|---|------------------|------------------|
| Pledges receivable                          | \$ 15,647        | \$ 15,414        |
| Discount to present value future cash flows | <u>(630)</u>     | <u>(875)</u>     |
| Net pledges receivable                      | <u>\$ 15,017</u> | <u>\$ 14,539</u> |

The following is a summary showing the expected timing of collection of total gross unconditional pledges receivable outstanding as of May 31, 2022:

| <u>Fiscal Year(s)</u> | <u>Amount</u>    |
|-----------------------|------------------|
| Less than one year    | \$ 5,912         |
| 1 to 5 years          | 8,835            |
| More than 5 years     | <u>900</u>       |
|                       | <u>\$ 15,647</u> |

Conditional pledges receivable as of May 31, 2022 total approximately \$8,944.

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ILLINOIS INSTITUTE OF TECHNOLOGY  
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**NOTE 6 - FINANCING RECEIVABLES**

The University's financing receivables consist of a revolving loan fund for Federal Perkins Loans for which the University acts as an agent for the federal government and institutional loan funds created by the University to assist students in funding their education. These loans are valued based on the outstanding principal balance, less an allowance for estimated losses. Interest earned on outstanding loan balances is recorded based on the terms of the individual loan agreements and continues to accrue even when past due.

The availability of funds for loans under the Federal Perkins Loan program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds held in the federal loan programs of \$3,064 and \$4,082 are ultimately refundable to the government and are classified as a liability in the consolidated statements of financial position as of May 31, 2022 and 2021, respectively.

Balances of financing receivables as of May 31, 2022, consist of the following:

|                         | Perkins<br><u>Loans</u> | Institutional<br><u>Loans</u> | <u>Total</u>    |
|-------------------------|-------------------------|-------------------------------|-----------------|
| Gross balance           | \$ 3,046                | \$ 2,260                      | \$ 5,306        |
| Allowances              | <u>-</u>                | <u>(655)</u>                  | <u>(655)</u>    |
| Balance at May 31, 2022 | <u>\$ 3,046</u>         | <u>\$ 1,605</u>               | <u>\$ 4,651</u> |

Balances of financing receivables as of May 31, 2021, consist of the following:

|                         | Perkins<br><u>Loans</u> | Institutional<br><u>Loans</u> | <u>Total</u>    |
|-------------------------|-------------------------|-------------------------------|-----------------|
| Gross balance           | \$ 3,860                | \$ 2,415                      | \$ 6,275        |
| Allowances              | <u>-</u>                | <u>(680)</u>                  | <u>(680)</u>    |
| Balance at May 31, 2021 | <u>\$ 3,860</u>         | <u>\$ 1,735</u>               | <u>\$ 5,595</u> |

For each class of financing receivables, the following table presents the credit quality indicator as determined by the delinquency status of the loan as of May 31, 2022. The delinquency status is updated monthly by the University's loan servicer.

|                           | Perkins<br><u>Loans</u> | Institutional<br><u>Loans</u> | <u>Total</u>    |
|---------------------------|-------------------------|-------------------------------|-----------------|
| Performing                | \$ 2,302                | \$ 833                        | \$ 3,135        |
| Nonperforming (defaulted) | <u>744</u>              | <u>1,427</u>                  | <u>2,171</u>    |
| Balance at May 31, 2022   | <u>\$ 3,046</u>         | <u>\$ 2,260</u>               | <u>\$ 5,306</u> |

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**NOTE 6 - FINANCING RECEIVABLES** (Continued)

The delinquency status as of May 31, 2021, is as follows:

|                           | Perkins<br>Loans | Institutional<br>Loans | Total           |
|---------------------------|------------------|------------------------|-----------------|
| Performing                | \$ 3,116         | \$ 940                 | \$ 4,056        |
| Nonperforming (defaulted) | <u>744</u>       | <u>1,475</u>           | <u>2,219</u>    |
| Balance at May 31, 2021   | <u>\$ 3,860</u>  | <u>\$ 2,415</u>        | <u>\$ 6,275</u> |

The aging of financing receivables as of May 31, 2022, is presented as follows:

| Aging         | 31-60         | 61-90        | 91+             | Total<br>Past Due | Total<br>Current | Total           |
|---------------|---------------|--------------|-----------------|-------------------|------------------|-----------------|
| Perkins       | \$ 173        | -            | \$ 820          | \$ 993            | \$ 2,053         | \$ 3,046        |
| Institutional | <u>63</u>     | <u>26</u>    | <u>1,461</u>    | <u>1,550</u>      | <u>710</u>       | <u>2,260</u>    |
| Total         | <u>\$ 236</u> | <u>\$ 26</u> | <u>\$ 2,281</u> | <u>\$ 2,543</u>   | <u>\$ 2,763</u>  | <u>\$ 5,306</u> |

The aging of financing receivables as of May 31, 2021, is presented as follows:

| Aging         | 31-60         | 61-90        | 91+             | Total<br>Past Due | Total<br>Current | Total           |
|---------------|---------------|--------------|-----------------|-------------------|------------------|-----------------|
| Perkins       | \$ 85         | \$ 84        | \$ 819          | \$ 988            | \$ 2,872         | \$ 3,860        |
| Institutional | <u>56</u>     | <u>1</u>     | <u>1,507</u>    | <u>1,564</u>      | <u>851</u>       | <u>2,415</u>    |
| Total         | <u>\$ 141</u> | <u>\$ 85</u> | <u>\$ 2,326</u> | <u>\$ 2,552</u>   | <u>\$ 3,723</u>  | <u>\$ 6,275</u> |

Allowances for estimated losses are established based on prior collection experience and observed trends in the rate of default, as well as a consideration of current economic trends and indicators. Loan balances are written off when they are deemed to be ultimately uncollectible. Since student loans under the Perkins loan program can be assigned to the government when no longer collectible, a Perkins loan write-off will reduce the amount refundable to the government.

Changes in allowance for estimated losses on financing receivables as of May 31, 2022, are presented as follows:

|                         |               |
|-------------------------|---------------|
| Balance at June 1, 2021 | \$ 680        |
| Write-off               | (25)          |
| Increase reserve        | <u>-</u>      |
| Balance at May 31, 2022 | <u>\$ 655</u> |

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**NOTE 6 - FINANCING RECEIVABLES** (Continued)

Changes in allowance for estimated losses on financing receivables as of May 31, 2021 are presented as follows:

|                         |               |
|-------------------------|---------------|
| Balance at June 1, 2020 | \$ 680        |
| Write-off               | -             |
| Increase reserve        | <u>-</u>      |
| Balance at May 31, 2021 | <u>\$ 680</u> |

**NOTE 7 - PHYSICAL PROPERTIES**

The University's consolidated physical properties consisted of the following as of May 31:

|                                    | <u>2022</u>       | <u>2021</u>       |
|------------------------------------|-------------------|-------------------|
| Land and land improvements         | \$ 24,092         | \$ 24,082         |
| Building and building improvements | 545,760           | 537,444           |
| Equipment                          | 112,343           | 108,753           |
| Right of use asset                 | 6,040             | 6,040             |
| Construction in progress           | <u>29,761</u>     | <u>27,339</u>     |
| Total physical properties          | 717,996           | 703,658           |
| Less accumulated depreciation      | <u>362,271</u>    | <u>357,377</u>    |
| Physical properties, net           | <u>\$ 355,725</u> | <u>\$ 346,281</u> |

The estimated cost to complete construction in progress at May 31, 2022 was approximately \$3,000.

**NOTE 8 - BENEFICIAL INTEREST IN PERPETUAL TRUSTS**

The University is an income beneficiary of certain irrevocable trusts that are held and controlled by independent trustees. The University has no equity interest in the principal of these trusts. At May 31, 2022 and 2021, the share of these trusts from which the University derives income had a combined fair value of \$24,056 and \$26,811, respectively. These trusts provided investment income without donor restrictions of \$1,157 and \$738 in fiscal years 2022 and 2021, respectively.

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**NOTE 9 - NOTES AND BOND PAYABLE**

Notes and bonds payable consist of the following at May 31:

|   |           | <u>2022</u>       | <u>2021</u>       |
|---|-----------|-------------------|-------------------|
| IFA Bonds, Series 2018 payable in varying installments through 2034   | 3.60%     | \$ 35,432         | \$ 37,168         |
| IFA Bonds, Series 2019, payable in varying installments through 2042  | 5% and 4% | 117,180           | 120,085           |
| IITRI - IFA Series 2014, payable in varying installments through 2034 | Variable  | 3,360             | 3,880             |
| Bond premium payable - series 2019                                    |           | <u>11,707</u>     | <u>13,323</u>     |
|   |           | 167,679           | 174,456           |
| Short-term line of credit   | Variable  | 38,550            | 33,075            |
| Bond issuance costs   |           | <u>(1,660)</u>    | <u>(1,785)</u>    |
|   |           | <u>\$ 204,569</u> | <u>\$ 205,746</u> |

The following is a summary of required principal payments on outstanding secured obligations as of May 31, 2022:

| <u>Fiscal year ending:</u> | <u>Bond Principal</u> | <u>LOC Principal</u> | <u>Total</u>      |
|----------------------------|-----------------------|----------------------|-------------------|
| 2023                       | \$ 5,376              | \$ 38,550            | \$ 43,926         |
| 2024                       | 5,596                 | -                    | 5,596             |
| 2025                       | 5,831                 | -                    | 5,831             |
| 2026                       | 6,071                 | -                    | 6,071             |
| 2027                       | 6,326                 | -                    | 6,326             |
| 2028 and beyond            | <u>126,772</u>        | <u>-</u>             | <u>126,772</u>    |
|                            | <u>\$ 155,972</u>     | <u>\$ 38,550</u>     | <u>\$ 194,522</u> |

In June of 2018, the University issued \$40,250 in fixed rate revenue bonds through the Illinois Finance Authority (IFA Series 2018) and Wintrust Bank. Proceeds from the bonds were used to reimburse the University for the costs of the acquisition of on campus student resident facilities, refund the IFA Series 2009 Bonds issued in the original principal amount of \$30,000, of which \$25,440 remained outstanding, and to finance or reimburse the University for certain of the costs incurred in connection with the issuance of IFA Series 2018 and the refunding of the IFA Series 2009. The fixed rate on the Series 2018 Bonds is 3.6% per annum.

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**NOTE 9 – NOTES AND BOND PAYABLE (Continued)**

In December of 2019, the University issued \$122,915 in fixed rate revenue bonds through the Illinois Finance Authority (IFA Series 2019). The bonds were issued at a premium of \$15,611, which is being amortized against interest expense over the call period of ten years. Proceeds from the bonds were used to refund the IFA Series 2006 Bonds issued in the original principal amount of \$160,000, of which \$135,125 remained outstanding, and to finance or reimburse the University for certain of the costs incurred in connection with the issuance of IFA Series 2019 and the refunding of the IFA Series 2006. The refunding lowered principal and resulted in an effective interest rate of 3.52%. The fixed rates on the Series 2019 Bonds are 5% and 4% with serial bonds maturing from September 2020 through 2041.

In August 2004, IITRI issued an \$18,820 bond issue of adjustable rate demand debt under the tax-exempt authority of the Illinois Finance Authority (IFA Series 2004). The proceeds from the sale were used to renovate and construct lab and office space; establish a debt service reserve fund and pay certain costs incurred in connection with the bond issue. In February 2014, IITRI entered into a bond and loan agreement with the Illinois Finance Authority and North Shore Community Bank. IITRI issued a \$10,400 Revenue Refunding Bond (IFA Series 2014) that was sold to North Shore Community Bank and Trust. IITRI used the proceeds and certain other funds to refund and redeem the Series 2004 Bond. Principal payments on the Bond commenced on February 1, 2015 in the amount of \$520 per year and continue until the bond matures in 2034. The interest rate is variable and reset by North Shore Community Bank on a monthly basis. The interest rate is based on an applicable factor of 74% times the sum of LIBOR plus the applicable margin of 105 basis points. At May 31, 2022 and 2021 the rates were 1.39% and 0.82%, respectively.

The University maintains a line-of-credit agreement that allow borrowings up to \$19,750 in 2022 and 2021. Borrowings under the line of credit will bear interest at the daily BSBY rate plus one hundred and fifty basis points. The borrowing under the line of credit will be payable on demand, but if no demand is made, borrowing shall automatically mature on the next interest payable date following the date the loan is made. The amount outstanding under the agreement was \$18,775 and \$13,300 as of May 31, 2022 and 2021. The line of credit agreement is renewable annually in February of each fiscal year.

In August 2020, the University entered into an additional line-of-credit agreement that allows borrowings up to \$25,000 in 2021. Borrowings under the line of credit will bear interest at the prime commercial rate or adjusted LIBOR with interest being payable on a monthly basis. The borrowing under the line of credit will be payable on demand, but if no demand is made, borrowing shall automatically mature on the next interest payable date following the date the loan is made. The amount outstanding under the agreement was \$19,775 as of May 31, 2022 and 2021. The line of credit agreement expires in January 2023.

The University and IITRI are subject to certain debt covenants. As of May 31, 2022, management believes those covenants have been either met or waived by the lender.

**NOTE 10 – EMPLOYEE BENEFIT PLANS**

Retirement Plan: Substantially all full-time employees of the University and IITRI are participants in defined contribution retirement plans that are funded by contributions from the University, IITRI, and participating employees. Total contributions made under the plans for the years ended May 31, 2022 and 2021 were \$7,690 and \$4,877 by the University and \$419 and \$453 by IITRI, respectively.

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**NOTE 10 – EMPLOYEE BENEFIT PLANS** (Continued)

**Healthcare Benefits Plans:** The University maintains a healthcare benefits plan (the Plan) that provides for certain major medical, surgical, and other benefits for all eligible employees and dependents. The Plan is partially self-funded by the University, subject to stop-loss arrangements. Under this Plan, the University makes contributions to cover benefits not funded by employees, limited by stop-loss amounts.

IITRI offers a healthcare benefits plan (the Plan) that provides for certain medical and dental expense coverage, including certain vision discounts for all eligible employees and dependents. The Plan is fully insured and underwritten by Blue Cross Blue Shield of Illinois and Dearborn National. Under this Plan, premium contributions are shared by both IITRI and plan participants.

**Accrued Postretirement Benefit Obligation:** The University created a retirement incentive program for tenured faculty in November 2006. As part of the incentive program, certain medical benefits are offered to participants. A reconciliation of the plan's funded status with the accrued benefit cost reported on the consolidated statements of financial position at May 31, is presented below. The accumulated postretirement benefit obligation disclosed below is the actuarial value of future benefits used on employees' service rendered through the measurement date:

|   | <u>2022</u>   | <u>2021</u>   |
|---|---------------|---------------|
| Accumulated postretirement benefit obligations at beginning of the period | \$ 966        | \$ 1,056      |
| Service cost  | 13            | 12            |
| Interest cost   | 28            | 28            |
| Actuarial gain  | (57)          | (15)          |
| Actuarial benefit payments net contributions                              | <u>(117)</u>  | <u>(115)</u>  |
| <br>  |               |               |
| Accumulated postretirement benefit obligation at end of the period        | <u>\$ 833</u> | <u>\$ 966</u> |

The University follows FASB ASC Section 715 Subtopic 60, *Defined Benefit Plans – Other Postretirement*. The accumulated change to net assets without donor restrictions consists of amounts that have not yet been recognized in net periodic benefit cost at May 31, are as follows:

|  | <u>2022</u>     | <u>2021</u>     |
|--|-----------------|-----------------|
| Change in fair value of plan assets:             |                 |                 |
| Fair value of plan assets at beginning of period | \$ -            | \$ -            |
| Employer contribution                            | 117             | 115             |
| Participant contributions                        | <u>32</u>       | <u>28</u>       |
| Total benefit payments                           | <u>(149)</u>    | <u>(143)</u>    |
| <br>   |                 |                 |
| Fair value of plan assets at end of the period   | <u>\$ -</u>     | <u>\$ -</u>     |
| <br>   |                 |                 |
| Funded status                                    | <u>\$ (833)</u> | <u>\$ (966)</u> |

These amounts will be subsequently recognized in future years as components of net periodic pension cost. The estimated amortization of transition obligation, prior service cost, and net losses in the next fiscal year is \$13, \$28, and \$72, respectively.

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**NOTE 10 - EMPLOYEE BENEFIT PLANS** (Continued)

The components of net periodic postretirement benefit cost for the years ended May 31, are as follows:

|  | <u>2022</u>  | <u>2021</u>  |
|--|--------------|--------------|
| Service cost                             | \$ 13        | \$ 12        |
| Interest cost                            | <u>28</u>    | <u>28</u>    |
| Net periodic postretirement benefit cost | <u>\$ 41</u> | <u>\$ 40</u> |

Actuarial Assumptions

The weighted average assumptions used in the accounting for the postretirement plan for the years ended May 31, are shown below:

|  | <u>2022</u> | <u>2021</u> |
|--|-------------|-------------|
| Discount rate (expense)                          | 3.08 %      | 2.78 %      |
| Discount rate (obligation)                       | 4.22        | 3.08        |
| Healthcare cost trend rates:                     |             |             |
| Healthcare cost trend rate assumed for next year | 5.10        | 4.90        |
| Ultimate rate                                    | 5.69        | 5.69        |
| Year that the ultimate rate is reached           | 2029        | 2029        |

Assumed healthcare cost trend rates have a significant effect on the amounts reported for healthcare plans. A one-percentage point change in assumed healthcare cost trend rates would have the following effects for the fiscal years ended May 31:

|   | <u>2022</u> | <u>2021</u> |
|---|-------------|-------------|
| Effect on total service cost and interest cost:       |             |             |
| One-percentage point increase                         | \$ 4        | \$ 4        |
| One-percentage point decrease                         | (4)         | (4)         |
| Effect on year-end postretirement benefit obligation: |             |             |
| One-percentage point increase                         | \$ 45       | \$ 44       |
| One-percentage point decrease                         | (37)        | (36)        |

Estimated Future Benefits Payments

The following benefit payments, which reflect expected future service, are expected to be paid for each of the fiscal years ending May 31:

Fiscal Year:

|           |       |
|-----------|-------|
| 2023      | \$ 97 |
| 2024      | 92    |
| 2025      | 88    |
| 2026      | 84    |
| 2027      | 79    |
| 2028-2032 | 332   |

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**NOTE 10 - EMPLOYEE BENEFIT PLANS (Continued)**

*Plan Amendment*

Effective August 1, 2007, the plan was amended to eliminate post-65 benefits for all retirees, both current and future. There was also a group of faculty participants who were offered a special option under which the University would reimburse their premiums for post-65 retiree coverage. This special benefit option was only available through May 31, 2008. Participants had to sign up by this date in order to participate.

**NOTE 11 - NET ASSETS**

Certain net assets without donor restrictions are designated for specific purposes by the board of trustees of the University and are summarized as follows at May 31:

|                            | <u>2022</u>       | <u>2021</u>       |
|----------------------------|-------------------|-------------------|
| Board-designated endowment | \$ 66,888         | \$ 69,402         |
| Undesignated               | <u>120,626</u>    | <u>106,311</u>    |
| Total                      | <u>\$ 187,514</u> | <u>\$ 175,713</u> |

Net assets with donor restrictions consist of the following at May 31:

|   | <u>2022</u>       | <u>2021</u>       |
|---|-------------------|-------------------|
| General operations                      | \$ 17,605         | \$ 19,760         |
| Endowment                               | 222,233           | 233,259           |
| Endowment pledges                       | 4,857             | 1,664             |
| Donor-designated for plant              | 3,631             | 1,955             |
| Donor-restricted revolving loan funds   | 4,617             | 4,571             |
| Scholarships                            | 1,801             | 1,827             |
| Split-interest annuity agreements       | 1,732             | 1,472             |
| Beneficial interest in perpetual trusts | <u>24,056</u>     | <u>26,811</u>     |
| Total                                   | <u>\$ 280,532</u> | <u>\$ 291,319</u> |

**NOTE 12 - FUNCTIONAL CLASSIFICATION OF EXPENSES**

Operating and nonoperating expenses are reported in the consolidated statements of activities by natural business category. The University's primary program services are instruction and research. Expenses reported as academic support, student services, institutional support, and auxiliary enterprises are incurred in support of these primary program services. Expenses are allocated based on square footage.

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**NOTE 12 - FUNCTIONAL CLASSIFICATION OF EXPENSES** (Continued)

Consolidated expenses by functional classification are as follows for the years ended May 31:

| <u>2022</u>                       | <u>Program</u><br><u>Activities</u> | <u>Supporting</u><br><u>Activities</u> | <u>Fundraising</u> | <u>Total</u>      |
|-----------------------------------|-------------------------------------|--|--------------------|-------------------|
| Operating expenses:               |                                     |  |                    |                   |
| Faculty salaries                  | \$ 60,966                           | \$ 1,342                               | \$ -               | \$ 62,308         |
| Administrative salaries           | 25,347                              | 16,397                                 | 6,614              | 48,358            |
| Part-time salaries                | 13,733                              | 936                                    | 146                | 14,815            |
| Employee benefits                 | 18,764                              | 8,758                                  | 953                | 28,475            |
| Operations and maintenance        | 17,893                              | 7,975                                  | -                  | 25,868            |
| Supplies and services             | 35,461                              | 6,274                                  | 1,340              | 43,075            |
| Professional fees and advertising | 12,113                              | 4,983                                  | 538                | 17,634            |
| IITRI research                    | 18,161                              | 2,393                                  | -                  | 20,554            |
| Interest on indebtedness          | 3,982                               | 1,833                                  | -                  | 5,815             |
| Depreciation                      | <u>14,729</u>                       | <u>5,942</u>                           | <u>-</u>           | <u>20,671</u>     |
| Total operating expenses          | 221,149                             | 56,833                                 | 9,591              | 287,573           |
| Restructuring expenses            | <u>-</u>                            | <u>4,280</u>                           | <u>-</u>           | <u>4,280</u>      |
| Total expenses                    | <u>\$ 221,149</u>                   | <u>\$ 61,113</u>                       | <u>\$ 9,591</u>    | <u>\$ 291,853</u> |
| <br>                              |                                     |  |                    |                   |
| <u>2021</u>                       | <u>Program</u><br><u>Activities</u> | <u>Supporting</u><br><u>Activities</u> | <u>Fundraising</u> | <u>Total</u>      |
| Operating expenses:               |                                     |  |                    |                   |
| Faculty salaries                  | \$ 58,855                           | \$ 1,564                               | \$ -               | \$ 60,419         |
| Administrative salaries           | 23,749                              | 15,735                                 | 5,599              | 45,083            |
| Part-time salaries                | 11,380                              | 831                                    | 96                 | 12,307            |
| Employee benefits                 | 19,360                              | 4,725                                  | 884                | 24,969            |
| Operations and maintenance        | 12,469                              | 7,396                                  | -                  | 19,865            |
| Supplies and services             | 39,711                              | 8,010                                  | 402                | 48,123            |
| Professional fees and advertising | 9,638                               | 2,971                                  | 231                | 12,840            |
| IITRI research                    | 21,902                              | 2,894                                  | -                  | 24,796            |
| Interest on indebtedness          | 3,857                               | 1,768                                  | -                  | 5,625             |
| Depreciation                      | <u>14,197</u>                       | <u>5,837</u>                           | <u>-</u>           | <u>20,034</u>     |
| Total operating expenses          | 215,118                             | 51,731                                 | 7,212              | 274,061           |
| Restructuring expenses            | <u>-</u>                            | <u>535</u>                             | <u>-</u>           | <u>535</u>        |
| Total expenses                    | <u>\$ 215,118</u>                   | <u>\$ 52,266</u>                       | <u>\$ 7,212</u>    | <u>\$ 274,596</u> |

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**NOTE 13 – LEASES**

The University has obligations as a lessee for research and development building space, networking and copier equipment, and a wireless system. The wireless system is classified as a finance lease while the other leases are classified as operating leases. Payments due under the lease contracts include fixed payments plus variable payments. The University's research and development building space require it to make variable payments for the University's share of the building's property taxes, insurance, and common area maintenance. These variable lease payments are not included in lease payments used to determine lease liability and are recognized as variable costs when incurred.

These leases have remaining lease terms of 1 year to 5 years.

Operating leases and the finance lease are included in physical properties, less accumulated depreciation and lease liabilities in our consolidated balance sheets.

The components of lease expense were as follows:

| <u>Year Ending May 31:</u>         | <u>2022</u>   | <u>2021</u>   |
|------------------------------------|---------------|---------------|
| Operating lease cost               | \$ 1,057      | \$ 999        |
| Financing lease cost               |               |               |
| Amortization of right-of-use asset | \$ 338        | \$ 338        |
| Interest on lease liability        | <u>26</u>     | <u>39</u>     |
| Total finance lease cost           | <u>\$ 364</u> | <u>\$ 377</u> |

Supplemental cash flow information related to leases is as follows:

| <u>Year Ending May 31:</u>         | <u>2022</u>   | <u>2021</u>   |
|------------------------------------|---------------|---------------|
| Operating lease cost               | \$ 1,057      | \$ 999        |
| Financing lease cost               |               |               |
| Amortization of right-of-use asset | \$ 338        | \$ 338        |
| Interest on lease liability        | <u>26</u>     | <u>39</u>     |
| Total finance lease cost           | <u>\$ 364</u> | <u>\$ 377</u> |

| <u>Year Ending May 31:</u>   | <u>2022</u> | <u>2021</u> |
|--|-------------|-------------|
| Cash paid for amounts included in the measurement of lease liabilities |             |             |
| Operating cash flows from operating leases                             | \$ 1,057    | \$ 1,051    |
| Operating cash flows from finance lease                                | \$ 474      | \$ 461      |
| Financing cash flows from finance lease                                | \$ 26       | \$ 39       |

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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(In thousands of dollars)

**NOTE 13 – LEASES** (Continued)

Supplemental balance sheet information related to leases is as follows:

| <u>Year Ending May 31:</u>                          | <u>2022</u>     | <u>2021</u>     |
|---|-----------------|-----------------|
| Operating leases                                    |                 |                 |
| Right of use asset, net of accumulated depreciation | \$ 1,860        | \$ 2,775        |
| Lease liability                                     | <u>\$ 2,298</u> | <u>\$ 3,354</u> |
| Finance lease                                       |                 |                 |
| Right of use asset, net of accumulated depreciation | \$ 1,100        | \$ 1,439        |
| Lease liability                                     | <u>\$ 464</u>   | <u>\$ 963</u>   |
| Weighted average remaining lease terms              |                 |                 |
| Operating leases                                    | 2 years         | 3 years         |
| Finance lease                                       | 1 year          | 2 years         |
| Weighted average discount rate                      |                 |                 |
| Operating leases                                    | 1.4%            | 1.4%            |
| Finance lease                                       | 2.8%            | 2.8%            |

Maturities of lease liabilities were as follows:

| <u>Year Ending May 31:</u> | Operating<br>leases | Finance<br>Lease |
|----------------------------|---------------------|------------------|
| 2023                       | \$ 1,118            | \$ 500           |
| 2024                       | 1,144               | -                |
| 2025                       | 22                  | -                |
| 2026                       | 18                  | -                |
| 2027                       | <u>-</u>            | <u>-</u>         |
| Total lease payments       | 2,302               | 500              |
| Less imputed interest      | <u>(5)</u>          | <u>(36)</u>      |
| Total                      | <u>\$ 2,297</u>     | <u>\$ 464</u>    |

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY  
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**NOTE 13 – LEASES (Continued)**

In January 2006, the University entered into a 55-year ground lease agreement with Townsend Chicago, LLC (Townsend). Future minimum lease payments to be received for the next five years are as follows:

Year Ending May 31:

|      |    |     |
|------|----|-----|
| 2023 | \$ | 176 |
| 2024 |    | 180 |
| 2025 |    | 183 |
| 2026 |    | 187 |
| 2027 |    | 191 |

In May 2012, the University entered into an agreement with Chicagoland Entrepreneurial Center (d/b/a 1871) for space on the twelfth floor of the Merchandise Mart through April 30, 2013. Prior to its expiration, the University elected to exercise its option to extend the agreement through June 30, 2021. The agreement was not renewed in fiscal year 2022.

**NOTE 14 - BROADBAND LICENSE AND COGEN**

The University had held two licenses with the Federal Communications Commission (FCC) since 1976. The license period for each channel is 10 years in duration and requires the payment of a nominal licensing fee with each renewal. In 2005, the FCC split the channels into two categories: Educational Broadband Services (EBS), and Broadband Radio Services (BRS). The FCC allows commercial entities to own the licensing to BRS channels, but only educational institutions can own the licensing to EBS channels.

The University had leased the excess capacity on its two licensed channels to Clearwire Spectrum Holdings III, LLC (Clearwire). In December 2017, the University entered into an agreement with Clearwire to cancel one of its existing license with the FCC on the BRS channel and terminate the related lease agreement with Clearwire for that channel's excess capacity to permit Clearwire to obtain the channel from the FCC. In February 2018 the license on that channel was cancelled with the FCC.

In May 2021, the University entered into an agreement to sell its remaining license in its EBS channel to Clearwire Spectrum Holdings III LLC subject to approval by the FCC. The agreement closed in August of 2021 after the FCC review period. The total consideration to be paid for the license was \$55,000. For fiscal year 2022, the University received \$28,000 in cash and recorded the remaining \$27,000 as other accounts receivables. Future consideration to be received from Clearwire is expected as follows:

Year Ending May 31:

|            |    |        |
|------------|----|--------|
| 2023       | \$ | 3,000  |
| 2024       |    | 3,000  |
| 2025       |    | 3,000  |
| 2026       |    | 3,000  |
| 2027       |    | 3,000  |
| Thereafter |    | 12,000 |
|            | \$ | 27,000 |

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(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY  
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**NOTE 14 - BROADBAND LICENSE AND COGEN** (Continued)

On July 16, 2021, the University entered into a long-term utility agreement with IIT Energy Tech Partners, LLC (the Service Provider). The Service Provider agreed to purchase certain Utility System assets from the University for \$16,623 and also paid \$18,378 for the right to operate, maintain, and improve the Utility System and to provide utility services to the University for a period of 40 years. Pursuant to the agreement, the Service Provider will operate the utility system and pass through the costs to operate and maintain the system plus any variable costs incurred to generate utility services.

The University accounted for the sale of the Utility System assets as a sales type lease and recognized a gain on sale of fixed asset of \$8,228 for the year ended May 31, 2022. The University accounted for the right to operate the Utility System as a deferred vendor incentive of \$18,378. For the year ended May 31, 2022, the University amortized, on a straight line basis, \$383 as a reduction of operation and maintenance expense.

**NOTE 15 – CONTINGENCIES**

The University is a defendant in legal proceedings arising in the ordinary course of its business. Although the outcome of these proceedings cannot presently be determined, in the opinion of management, disposition of these proceedings will not have a material adverse effect on the financial position of the University.

The amount of grants and contracts reflected in the consolidated financial statements is subject to review and adjustment by contracting agencies, principally, the federal government. The amount, if any, of expenses that may be disallowed by the contracting agencies cannot be determined at this time. It is the opinion of management that such disallowances, if any, will not be significant.

The University received student financial aid and CARES Act, CRRSAA, and ARP funding from the U.S. Department of Education for the fiscal years ended May 31, 2022 and 2021. The disbursement of funds received under such programs generally requires compliance with terms and conditions specified in federal regulations and are subjected to audit by U.S. Department of Education and possible disallowance of certain expenditures. The University has not had any significant disallowance of student financial aid in the past and expects such amounts, if any, to be immaterial.

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(Continued)



ILLINOIS INSTITUTE OF TECHNOLOGY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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(In thousands of dollars)

**NOTE 16 – LIQUIDITY AND AVAILABILITY**

The University's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

|  | 2022       |           |              | 2021         |
|--|------------|-----------|--------------|--------------|
|  | University | IITRI     | Consolidated | Consolidated |
| Financial assets:  |            |           |              |              |
| Cash and cash equivalents  | \$ 2,414   | \$ 7,774  | \$ 10,188    | \$ 12,091    |
| Non-endowment investments  | 5,941      | 4,662     | 10,603       | 7,939        |
| Accounts receivable, net   | 16,641     | 6,649     | 23,290       | 28,686       |
| Pledge payments available for operations                                 | 5,912      | -         | 5,912        | 5,670        |
| Subsequent year's endowment payout                                       | 13,300     | -         | 13,300       | 12,365       |
| Total financial assets available within one year                         | 44,208     | 19,085    | 63,293       | 66,751       |
| Liquidity resources:   |            |           |              |              |
| Bank lines of credit   | 6,225      | -         | 6,225        | 11,925       |
| Total financial assets and liquidity resources available within one year | \$ 50,433  | \$ 19,085 | \$ 69,518    | \$ 78,676    |

The University's cash flows have seasonal variations during the year attributable to tuition billing and a concentration of contributions received at calendar and fiscal year end. To manage liquidity, the University maintains a line of credit that is drawn upon as needed during the year to manage cash flows. As of May 31, 2022 and 2021, the amount outstanding under the lines of credit amounted to \$38,550 and \$33,075, respectively.

In addition, as of May 31, 2022 and 2021 the University has \$63,832 and \$66,531, respectively, in funds functioning as endowment net of subsequent year appropriation, which is available for general expenditure with Board approval.

*Management's Plan for Ongoing Liquidity*

The University is projecting an unrestricted operating loss for fiscal year 2023 similar to fiscal year 2022. These operating losses are attributable to declining enrollment due to the COVID-19 pandemic. The fiscal year 2022 operating loss resulted in the Debt Service Coverage Ratio (DSCR) for the year ended May 31, 2022, to be less than 1.00 in accordance with the 2018 IFA Bond agreements. The expected fiscal year 2023 operating loss is resulting in a projected DSCR of less than 1.00 for the year ended May 31, 2023. Subsequent to year end, the University was not in compliance with Total Unrestricted Liquidity required by the 2018 IFA Bond agreements in November 2022. In addition, Moody's Investors Service has downgraded the University's and its debt ratings to Ba2 from Baa3.

To improve its liquidity and future financial sustainability, the University announced in October 2022 its "Billion Dollar Campaign" aimed at increasing the contributions to the endowment over the next 3-10 years. In December 2022, the University obtained \$20,000 in advanced funding on estate gifts from two board members. In March 2023, management obtained a debt covenant waiver on its 2018 IFA Bonds from Wintrust Bank for the year ended May 31, 2022 and agreed to a revised monthly cash flow available for debt service covenant requirement for fiscal years 2023 and 2024 to work with the University under its current financial operating circumstances. The new debt covenant agreement reinstates the DSCR to 1.00 in fiscal year 2025. The University's Executive Committee approved an early advance on the fiscal year 2025 endowment draw for cash flow purposes, if needed.

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
May 31, 2022 and 2021  
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**NOTE 16 – LIQUIDITY AND AVAILABILITY (Continued)**

In addition, the Executive Committee approved that the University may enter a financing transaction with the University’s endowment assets such that these endowment assets would purchase from the University a 12 month Promissory Note in an amount no greater than \$38,000 and on such terms as are commercially reasonable to manage overall University liquidity through May 2024.

The University’s management has also engaged consultants to assist in the implementation of zero-based budgeting for the fiscal year 2024 budget, reducing expenditures and expanding fund-raising activities. New enrollment and revenue diversification opportunities have been identified and implementation underway. The University will look to hire in Spring 2023 a consultant to assist in potentially restructuring the University’s debt portfolio. During fiscal year 2024, Management will continue implementing these strategies with the goal of realizing a reduction of the operating loss in fiscal year 2024 from fiscal year 2023 and positive operating results in fiscal year 2025.

**NOTE 17 - SUBSEQUENT EVENTS**

In connection with the preparation of the consolidated financial statements and in accordance with FASB ASC Topic 855, *Subsequent Events*, management evaluated subsequent events after the statement of financial position date of May 31, 2022 through March 29, 2023, which was the date the consolidated financial statements were issued.

**NOTE 18 - UNITED STATES DEPARTMENT OF EDUCATION SUPPLEMENTAL DISCLOSURES**

The Department of Education issued regulations on September 23, 2019, which became effective July 1, 2020, regarding additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Title IV.

**Net Assets**

|   |   |               |
|---|---|---------------|
| 1 | Net assets with donor restrictions: restricted in perpetuity                      | \$ 241,420    |
| 2 | Other net assets with donor restrictions (not perpetually restricted):            |               |
|   | a. Annuities with donor restrictions  | \$ 981        |
|   | b. Term endowments  | -             |
|   | c. Life income funds (trusts)   | -             |
|   | d. Total annuities, term endowments and life income funds with donor restrictions | <u>\$ 981</u> |

**Property, Plant and Equipment, net**

|   |  |                 |
|---|--|-----------------|
| 3 | Pre-implementation property, plant and equipment, net (PP&E, net)  |                 |
|   | a. Ending balance of last financial statements submitted to the Department of Education (May 31, 2021 financial statement) | \$ 281,932      |
|   | b. Less subsequent depreciation and disposals  | <u>(23,987)</u> |
|   | c. Balance pre-implementation property, plant and equipment, net   | <u>257,945</u>  |
| 4 | Debt Financed post-implementation property, plant and equipment, net   |                 |
|   | Long-lived assets acquired with debt subsequent to May 31, 2021:   |                 |
|   | a. Equipment   | -               |
|   | b. Land improvements   | -               |
|   | c. Building  | <u>5,475</u>    |
|   | d. Total property, plant and equipment, net acquired with debt exceeding 12 months   | <u>5,475</u>    |

(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY  
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May 31, 2022 and 2021  
(In thousands of dollars)

**NOTE 18 - UNITED STATES DEPARTMENT OF EDUCATION SUPPLEMENTAL DISCLOSURES**  
(Continued)

|   |   |                   |
|---|---|-------------------|
| 5   | Post-implementation property, plant and equipment, net, acquired without debt:  |                   |
| a.  | Ending balance of last financial statements submitted to the Department of Education (May 31, 2021 financial statement) | 32,796            |
| b.  | Construction in progress placed into service during the year ended May 31, 2022   | 27,339            |
| c.  | Long-lived assets acquired without use of debt subsequent to May 31, 2021   | 32,830            |
| d.  | Less subsequent depreciation and disposals  | <u>(3,620)</u>    |
| e.  | Balance post-implementation property, plant and equipment, net  | 89,345            |
| 6   | Lease right-of-use assets - Pre-implementation  | 2,887             |
| 7   | Lease right-of-use assets - Post-implementation   | <u>73</u>         |
| 8   | Total Property, Plant and Equipment, net - May 31, 2022   | <u>\$ 355,725</u> |
| <b>Long-term Debt</b>                     |   |                   |
| 9   | Pre-implementation debt:  |                   |
| a.  | Ending balance of last financial statements submitted to the Department of Education (May 31, 2021):                    | \$ 174,456        |
| b.  | Less subsequent debt repayments and amortization of premiums and bond issuance costs                                    | <u>(6,777)</u>    |
| c.  | Balance Pre-implementation Debt   | <u>167,679</u>    |
| 10  | Allowable post-implementation debt used for capitalized long-lived assets:  |                   |
| a.  | Equipment - all capitalized   | -                 |
| b.  | Land improvements   | -                 |
| c.  | Buildings   | -                 |
| 11  | Construction in progress (CIP) financed with short term debt  | 18,775            |
| 12  | Long-term debt not for the purchase of property, plant and equipment or liability greater than assets value             | <u>19,775</u>     |
| 13  | Total Long-term Debt - May 31, 2022   | <u>\$ 206,229</u> |
| <b>Right-of-use Asset Liability</b>       |   |                   |
| 14  | Lease right-of-use asset liability pre-implementation   | \$ 2,689          |
| 15  | Lease right-of-use liability post-implementation  | <u>73</u>         |
| 16  | Total right-of-use asset liability  | <u>\$ 2,762</u>   |
| <b>Total Revenues and Gains</b>           |   |                   |
| 17  | Revenue - Statement of Activities   | \$ 249,590        |
| 18  | Endowment spending distribution   | (2,842)           |
| 19  | Less return on investments  | (2,236)           |
| 20  | Gain on sale of broadband channel   | 55,000            |
| 21  | Net gain on disposal of assets  | <u>8,228</u>      |
| 22  |   | <u>\$ 307,740</u> |
| <b>Total Expenses and Losses</b>          |   |                   |
| 23  | Total operating expenses  | \$ 287,573        |
| 24  | Net assets released from restrictions, net of change in donor designation   | 264               |
| 25  | Other   | 3,822             |
| 26  | Restructuring expenses  | <u>4,280</u>      |
| 27  |   | <u>\$ 295,939</u> |
| <b>Unsecured related party receivable</b> |   |                   |
| 28  | Unsecured related party receivable (board member pledges receivable)  | <u>\$ 9,374</u>   |

**SUPPLEMENTARY INFORMATION**

ILLINOIS INSTITUTE OF TECHNOLOGY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended May 31, 2022

| <u>Federal Grantor/Pass-Through/Program or Cluster Title</u>      | <u>Award number<br/>additional award<br/>identification</u> | <u>AL<br/>Number</u> | <u>Federal<br/>expenditures<br/>direct awards</u> | <u>Federal<br/>expenditures<br/>indirect awards</u> | <u>Total<br/>federal<br/>expenditures</u> | <u>Passed<br/>through to<br/>subrecipients</u> |
|---|---|----------------------|---|---|---|--|
| Research and Development Cluster                                  |   |                      |   |   |   |  |
| Department of Agriculture:  |   |                      |   |   |   |  |
| Agricultural Research Basic and Applied Research                  | 58-3060-1-028   | 10.001               | \$ 28,665   | \$ -  | \$ 28,665                                 | \$ -   |
| Agricultural Research Basic and Applied Research                  | 58-3060-9-047   | 10.001               | 109,473   | -   | 109,473                                   | -  |
| Farmers Market and Local Food Promotion Program - passed through: |   |                      |   |   |   |  |
| Roosevelt University  | GFPI01  | 10.175               | -   | 7,040   | 7,040                                     | -  |
| Agriculture and Food Research Initiative (AFRI)                   | 2019-67017-29254  | 10.310               | 110,627   | -   | 110,627                                   | -  |
| Agriculture and Food Research Initiative (AFRI)                   | 2020-67017-30780  | 10.310               | 104,481   | -   | 104,481                                   | 306  |
| Agriculture and Food Research Initiative (AFRI)                   | 2020-67018-30783  | 10.310               | 104,670   | -   | 104,670                                   | -  |
| Agriculture and Food Research Initiative (AFRI) - passed through: |   |                      |   |   |   |  |
| Michigan State University   | RC104967IIT   | 10.310               | -   | 514   | 514                                       | -  |
| Michigan State University   | RC111302A   | 10.310               | -   | 96,082  | 96,082                                    | -  |
| Food Safety Cooperative Agreements                                | FSIS-C-01-2021  | 10.479               | 216,994   | -   | 216,994                                   | 141,167  |
|   |   |                      | <u>674,910</u>                                    | <u>103,636</u>                                      | <u>778,546</u>                            | <u>141,473</u>                                 |
| Department of Commerce:   |   |                      |   |   |   |  |
| Sea Grant Support - passed through:                               |   |                      |   |   |   |  |
| Purdue University   | F0008309702072  | 11.417               | -   | 6,595   | 6,595                                     | -  |
| Purdue University   | F0008309702073  | 11.417               | -   | 10,552  | 10,552                                    | -  |
|   |   |                      | <u>-</u>  | <u>17,147</u>                                       | <u>17,147</u>                             | <u>-</u>                                       |
| Department of Defense:  |   |                      |   |   |   |  |
| Basic and Applied Scientific Research                             | N00014-19-1-2280  | 12.300               | 123,465   | -   | 123,465                                   | -  |
| Military Medical Research and Development - passed through:       |   |                      |   |   |   |  |
| Boston VA Research Institute Inc.                                 | 0137FEDbMicrocoilbasedProsthesis                            | 12.420               | -   | 20,415  | 20,415                                    | -  |
| Michigan State University   | RC107586-IIT  | 12.420               | -   | 64,722  | 64,722                                    | -  |
| Air Force Defense Research Sciences Program                       | FA-9550-17-1-0240   | 12.800               | 9,923   | -   | 9,923                                     | -  |
| Air Force Defense Research Sciences Program - passed through:     |   |                      |   |   |   |  |
| University of California Los Angeles                              | 0205 G WA701  | 12.800               | -   | 96,639  | 96,639                                    | -  |
| Information Security Grants                                       | H98230-21-1-0183  | 12.902               | 87,013  | -   | 87,013                                    | -  |
| Department of Defense Contracts - passed through:                 |   |                      |   |   |   |  |
| Corvid Technologies   | 17-030/W81XWH-17-C-0207                                     | 12.RD                | -   | (2,579)   | (2,579)                                   | -  |
| Corvid Technologies   | SA21-017/W81XWH-21-C-0054                                   | 12.RD                | -   | 267   | 267                                       | -  |
| Qunav LLC   | IIT-IGEM-01/W31P4Q-21-C-0006                                | 12.RD                | -   | 129,448   | 129,448                                   | -  |
| Riverside Research Institute                                      | DRC.11223.03.RR002188.21/FA8650-14-D-1737                   | 12.RD                | -   | 44,562  | 44,562                                    | -  |
| University of Alberta   | RES0047579-S001/W81XWH2010875                               | 12.RD                | -   | 65,499  | 65,499                                    | 48,007   |

(Continued)  
See notes to Schedule of Expenditures of Federal Awards.  
See Accompanying Independent Auditor's Report.

ILLINOIS INSTITUTE OF TECHNOLOGY  
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Year ended May 31, 2022

| <u>Federal Grantor/Pass-Through/Program or Cluster Title</u>              | <u>Award number<br/>additional award<br/>identification</u> | <u>AL<br/>Number</u> | <u>Federal<br/>expenditures<br/>direct awards</u> | <u>Federal<br/>expenditures<br/>indirect awards</u> | <u>Total<br/>federal<br/>expenditures</u> | <u>Passed<br/>through to<br/>subrecipients</u> |
|---|---|----------------------|---|---|---|--|
| Department of Defense Contracts - passed through, continued:              |   |                      |   |   |   |  |
| University of Notre Dame  | 203278IIT/2018-JU-2776/HR0011-18-3-0004                     | 12.RD                | \$ -  | \$ 140,951  | \$ 140,951                                | \$ -   |
| University of Pennsylvania  | 578727/PO-0018618/HR001119C0106                             | 12.RD                | -   | 22,812  | 22,812                                    | -  |
|   |   |                      | <u>220,401</u>                                    | <u>582,736</u>                                      | <u>803,137</u>                            | <u>48,007</u>                                  |
| Department of Housing and Urban Development:                              |   |                      |   |   |   |  |
| Healthy Homes Technical Studies Grants                                    | ILHHU0049-19  | 14.906               | 62,013  | -   | 62,013                                    | -  |
|   |   |                      | <u>62,013</u>                                     | <u>-</u>  | <u>62,013</u>                             | <u>-</u>                                       |
| Department of Interior:   |   |                      |   |   |   |  |
| Assistance to State Water Resources Research Institutes - passed through: |   |                      |   |   |   |  |
| Oklahoma State University   | 1-508472-IIT  | 15.805               | -   | 2,033   | 2,033                                     | -  |
|   |   |                      | <u>-</u>  | <u>2,033</u>  | <u>2,033</u>                              | <u>-</u>                                       |
| Department of Transportation:   |   |                      |   |   |   |  |
| Aviation Research Grants  | DTFAWA-16-A-00004   | 20.108               | 85,067  | -   | 85,067                                    | (885)  |
| Aviation Research Grants  | 693KA8-21-T-00027   | 20.108               | 335,735   | -   | 335,735                                   | 66,766   |
|   |   |                      | <u>420,802</u>                                    | <u>-</u>  | <u>420,802</u>                            | <u>65,881</u>                                  |
| National Aeronautics and Space Administration:                            |   |                      |   |   |   |  |
| Science   | 80NSSC19K0086   | 43.001               | 165,487   | -   | 165,487                                   | 35,172   |
| Science - passed through  |   |                      |   |   |   |  |
| California Institute of Technology  | 1665707   | 43.001               | -   | 11,000  | 11,000                                    | -  |
| International Space Station National Laboratory                           | GA-2015-207   | 43.001               | -   | 19,408  | 19,408                                    | -  |
| University of Colorado Boulder  | 1556932   | 43.001               | -   | 49,746  | 49,746                                    | -  |
| University of Florida   | SUB00002258   | 43.001               | -   | 28,810  | 28,810                                    | -  |
| Exploration   | 80NSSC20K1598   | 43.003               | 30,556  | -   | 30,556                                    | -  |
| Education - passed through  |   |                      |   |   |   |  |
| University of Illinois  | 078131-15651  | 43.008               | -   | (7,782)   | (7,782)                                   | -  |
| University of Illinois  | 099286-17920  | 43.008               | -   | 88,825  | 88,825                                    | -  |
|   |   |                      | <u>196,043</u>                                    | <u>190,007</u>                                      | <u>386,050</u>                            | <u>35,172</u>                                  |
| National Science Foundation:  |   |                      |   |   |   |  |
| Engineering Grants  | CBET-1653627  | 47.041               | 55,059  | -   | 55,059                                    | -  |
| Engineering Grants  | CBET-1917130  | 47.041               | 37,533  | -   | 37,533                                    | -  |
| Engineering Grants  | CBET-2135173  | 47.041               | 23,445  | -   | 23,445                                    | -  |

(Continued)  
See notes to Schedule of Expenditures of Federal Awards.  
See Accompanying Independent Auditor's Report.

ILLINOIS INSTITUTE OF TECHNOLOGY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended May 31, 2022

| <u>Federal Grantor/Pass-Through/Program or Cluster Title</u> | <u>Award number<br/>additional award<br/>identification</u> | <u>AL<br/>Number</u> | <u>Federal<br/>expenditures<br/>direct awards</u> | <u>Federal<br/>expenditures<br/>indirect awards</u> | <u>Total<br/>federal<br/>expenditures</u> | <u>Passed<br/>through to<br/>subrecipients</u> |
|--|---|----------------------|---|---|---|--|
| National Science Foundation, continued:                      |   |                      |   |   |   |  |
| Engineering Grants   | CMMI-1553823  | 47.041               | \$ 16,583   | \$ -  | \$ 16,583                                 | \$ -   |
| Engineering Grants   | CMMI-1554033  | 47.041               | 47,817  | -   | 47,817                                    | -  |
| Engineering Grants   | CMMI-1663068  | 47.041               | 51,750  | -   | 51,750                                    | -  |
| Engineering Grants   | CMMI-1762774  | 47.041               | 101,961   | -   | 101,961                                   | -  |
| Engineering Grants   | CMMI-1825354  | 47.041               | 43,633  | -   | 43,633                                    | -  |
| Engineering Grants   | CMMI-2135735  | 47.041               | 50,073  | -   | 50,073                                    | -  |
| Engineering Grants   | ECCS-1554576  | 47.041               | 24,124  | -   | 24,124                                    | -  |
| Engineering Grants   | ECCS-1810105  | 47.041               | 70,562  | -   | 70,562                                    | -  |
| Engineering Grants   | ECCS-1927432  | 47.041               | 43,107  | -   | 43,107                                    | -  |
| Engineering Grants   | ECCS-2130718  | 47.041               | 24,280  | -   | 24,280                                    | -  |
| Engineering Grants   | ECCS-2123521  | 47.041               | 1,180   | -   | 1,180                                     | -  |
| Engineering Grants   | EEC-1757989   | 47.041               | (10,805)  | -   | (10,805)                                  | -  |
| Engineering Grants   | EEC-1937116   | 47.041               | 52,672  | -   | 52,672                                    | 33,261   |
| Engineering Grants   | EFMA-1830939  | 47.041               | 521,704   | -   | 521,704                                   | 328,398  |
| Engineering Grants   | IIP-1918991   | 47.041               | 130,349   | -   | 130,349                                   | -  |
| Engineering Grants   | IIP-1922937   | 47.041               | 5,869   | -   | 5,869                                     | -  |
| Mathematical and Physical Sciences                           | CHE-1753012   | 47.049               | 46,788  | -   | 46,788                                    | -  |
| Mathematical and Physical Sciences                           | CHE-1905324   | 47.049               | 78,098  | -   | 78,098                                    | -  |
| Mathematical and Physical Sciences                           | CHE-1952803   | 47.049               | 9,359   | -   | 9,359                                     | -  |
| Mathematical and Physical Sciences                           | DMR-1708596   | 47.049               | 18,173  | -   | 18,173                                    | -  |
| Mathematical and Physical Sciences                           | DMR-1945380   | 47.049               | 18,084  | -   | 18,084                                    | -  |
| Mathematical and Physical Sciences                           | DMR-2050916   | 47.049               | 115,990   | -   | 115,990                                   | -  |
| Mathematical and Physical Sciences                           | DMS-1720420   | 47.049               | 3,366   | -   | 3,366                                     | -  |
| Mathematical and Physical Sciences                           | DMS-1759535   | 47.049               | 52,992  | -   | 52,992                                    | -  |
| Mathematical and Physical Sciences                           | DMS-1855309   | 47.049               | 109,926   | -   | 109,926                                   | -  |
| Mathematical and Physical Sciences                           | DMS-1907568   | 47.049               | 72,744  | -   | 72,744                                    | -  |
| Mathematical and Physical Sciences                           | DMS-1916467   | 47.049               | 42,701  | -   | 42,701                                    | -  |
| Mathematical and Physical Sciences                           | DMS-1936873   | 47.049               | 39,738  | -   | 39,738                                    | -  |
| Mathematical and Physical Sciences                           | DMS-1950868   | 47.049               | 60,796  | -   | 60,796                                    | -  |
| Mathematical and Physical Sciences                           | DMS-2118181   | 47.049               | 116   | -   | 116                                       | -  |
| Computer and Information Science and Engineering             | CCF-1618776   | 47.070               | 26,019  | -   | 26,019                                    | -  |
| Computer and Information Science and Engineering             | CCF-2028274   | 47.070               | 6,160   | -   | 6,160                                     | -  |
| Computer and Information Science and Engineering             | CCF-2028958   | 47.070               | 36,424  | -   | 36,424                                    | -  |
| Computer and Information Science and Engineering             | CCF- 2029014  | 47.070               | 108,571   | -   | 108,571                                   | -  |
| Computer and Information Science and Engineering             | CCF-2107289   | 47.070               | 28,877  | -   | 28,877                                    | -  |
| Computer and Information Science and Engineering             | CCF-2119294   | 47.070               | 10,029  | -   | 10,029                                    | -  |
| Computer and Information Science and Engineering             | CNS-1717763   | 47.070               | 195,599   | -   | 195,599                                   | -  |
| Computer and Information Science and Engineering             | CNS-1730488   | 47.070               | 16,008  | -   | 16,008                                    | -  |
| Computer and Information Science and Engineering             | CNS-1730689   | 47.070               | 37,791  | -   | 37,791                                    | -  |
| Computer and Information Science and Engineering             | CNS-1745894   | 47.070               | 41,212  | -   | 41,212                                    | -  |

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| <u>Federal Grantor/Pass-Through/Program or Cluster Title</u>       | <u>Award number<br/>additional award<br/>identification</u> | <u>AL<br/>Number</u> | <u>Federal<br/>expenditures<br/>direct awards</u> | <u>Federal<br/>expenditures<br/>indirect awards</u> | <u>Total<br/>federal<br/>expenditures</u> | <u>Passed<br/>through to<br/>subrecipients</u> |
|--|---|----------------------|---|---|---|--|
| National Science Foundation, continued:                            |   |                      |   |   |   |  |
| Computer and Information Science and Engineering                   | CNS-1757964   | 47.070               | \$ 98,490   | \$ -  | \$ 98,490                                 | \$ -   |
| Computer and Information Science and Engineering                   | CNS-1763612   | 47.070               | 197,285   | -   | 197,285                                   | -  |
| Computer and Information Science and Engineering                   | CNS-1814872   | 47.070               | 143,634   | -   | 143,634                                   | -  |
| Computer and Information Science and Engineering                   | CNS-1816908   | 47.070               | 114,258   | -   | 114,258                                   | -  |
| Computer and Information Science and Engineering                   | CNS-1854077   | 47.070               | 88,758  | -   | 88,758                                    | -  |
| Computer and Information Science and Engineering                   | CNS-1937929   | 47.070               | 31,383  | -   | 31,383                                    | -  |
| Computer and Information Science and Engineering                   | CNS-2008092   | 47.070               | 24,619  | -   | 24,619                                    | -  |
| Computer and Information Science and Engineering                   | CNS-2034870   | 47.070               | 23,870  | -   | 23,870                                    | -  |
| Computer and Information Science and Engineering                   | CNS-2046335   | 47.070               | 11,135  | -   | 11,135                                    | -  |
| Computer and Information Science and Engineering                   | CNS-2109982   | 47.070               | 44,888  | -   | 44,888                                    | -  |
| Computer and Information Science and Engineering                   | IIS-1927407   | 47.070               | 92,897  | -   | 92,897                                    | 35,097   |
| Computer and Information Science and Engineering                   | IIS-1956123   | 47.070               | 107,289   | -   | 107,289                                   | -  |
| Computer and Information Science and Engineering                   | IIS-2022227   | 47.070               | 307   | -   | 307                                       | -  |
| Computer and Information Science and Engineering                   | IIS-2107107   | 47.070               | 17,976  | -   | 17,976                                    | -  |
| Computer and Information Science and Engineering                   | OAC-1835764   | 47.070               | 680,155   | -   | 680,155                                   | 367,113  |
| Computer and Information Science and Engineering                   | OAC-1940114   | 47.070               | 137,057   | -   | 137,057                                   | -  |
| Computer and Information Science and Engineering                   | OAC-2104013   | 47.070               | 17,932  | -   | 17,932                                    | -  |
| Computer and Information Science and Engineering                   | OAC-2107548   | 47.070               | 56,958  | -   | 56,958                                    | -  |
| Computer and Information Science and Engineering - passed through: |   |                      |   |   |   |  |
| Carnegie Mellon University   | 1122801-438378  | 47.070               | -   | 17,267  | 17,267                                    | -  |
| Texas State University - San Marcos                                | 21024-83303-1   | 47.070               | -   | 65,437  | 65,437                                    | -  |
| Biological Sciences  | DBI-2120626   | 47.074               | 824   | -   | 824                                       | -  |
| Biological Sciences  | MCB-1552743   | 47.074               | 176,021   | -   | 176,021                                   | -  |
| Biological Sciences  | MCB-1716099   | 47.074               | 5,479   | -   | 5,479                                     | -  |
| Biological Sciences  | MCB-2031762   | 47.074               | 11,017  | -   | 11,017                                    | -  |
| Biological Sciences  | MCB- 2123593  | 47.074               | 9,559   | -   | 9,559                                     | -  |
| Biological Sciences - passed through:                              |   |                      |   |   |   |  |
| Baker University   | DBI-2002763   | 47.074               | -   | 408   | 408                                       | -  |
| Social, Behavioral, and Economic Sciences                          | BCS-2040422   | 47.075               | 30,992  | -   | 30,992                                    | -  |
| Social, Behavioral, and Economic Sciences                          | SES-1635661   | 47.075               | 4,486   | -   | 4,486                                     | -  |
| Social, Behavioral, and Economic Sciences                          | SES-1830642   | 47.075               | 98,122  | -   | 98,122                                    | -  |
| Social, Behavioral, and Economic Sciences                          | SES-1922391   | 47.075               | 86,111  | -   | 86,111                                    | -  |
| Social, Behavioral, and Economic Sciences - passed through         |   |                      |   |   |   |  |
| University of Virginia   | GA11551.PO#2304943  | 47.075               | -   | 27,478  | 27,478                                    | -  |
| Education and Human Resources                                      | DUE-2044444   | 47.076               | 19,704  | -   | 19,704                                    | -  |
| Education and Human Resources - passed through                     |   |                      |   |   |   |  |
| Chicago State University   | 53114   | 47.076               | -   | 9,717   | 9,717                                     | -  |
| Polar Programs   | OPP-1940483   | 47.078               | 109,873   | -   | 109,873                                   | -  |
|  |   |                      | <u>4,907,536</u>                                  | <u>120,307</u>                                      | <u>5,027,843</u>                          | <u>763,869</u>                                 |

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|--|---|----------------------|---|---|---|--|
| Environmental Protection Agency:                                     |   |                      |   |   |   |  |
| Great Lakes Program - passed through:                                |   |                      |   |   |   |  |
| Indiana University   | 8214-IIT  | 66.469               | \$ -  | \$ 10,509   | \$ 10,509                                 | \$ -   |
| Science To Achieve Results (STAR) Research Program - passed through: |   |                      |   |   |   |  |
| Public Health Institute  | 03244-AR04042   | 66.509               | -   | 28,832  | 28,832                                    | -  |
| P3 Award: National Student Design Competition for Sustainability (B) | SU-84018001-0   | 66.516               | 11,517  | -   | 11,517                                    | -  |
|  |   |                      | <u>11,517</u>                                     | <u>39,341</u>                                       | <u>50,858</u>                             | <u>-</u>                                       |
| Department of Energy:  |   |                      |   |   |   |  |
| Office of Science Financial Assistance Program                       | DE-SC0008347  | 81.049               | 463,047   | -   | 463,047                                   | -  |
| Office of Science Financial Assistance Program                       | DE-SC0015479  | 81.049               | 93,010  | -   | 93,010                                    | -  |
| Office of Science Financial Assistance Program                       | DE-SC0019264  | 81.049               | 113,569   | -   | 113,569                                   | -  |
| Office of Science Financial Assistance Program                       | DE-SC0020379  | 81.049               | 461,913   | -   | 461,913                                   | 206,741  |
| Office of Science Financial Assistance Program                       | DE-SC0022057  | 81.049               | 4,842   | -   | 4,842                                     | -  |
| Office of Science Financial Assistance Program                       | DE-SC0022276  | 81.049               | 51,287  | -   | 51,287                                    | 36,785   |
| Conservation Research and Development                                | DE-EE0007798  | 81.086               | 97,046  | -   | 97,046                                    | -  |
| Conservation Research and Development                                | DE-EE0008713  | 81.086               | 266,853   | -   | 266,853                                   | -  |
| Conservation Research and Development - passed through:              |   |                      |   |   |   |  |
| Magna Services of America Inc.                                       | DE-EE0008869  | 81.086               | -   | 77,984  | 77,984                                    | -  |
| WM International Engineering LLC                                     | 2474-1513   | 81.086               | -   | 5,090   | 5,090                                     | -  |
| Renewable Energy Research and Development - passed through:          |   |                      |   |   |   |  |
| Texas A&M Engineering Experiment Station                             | M2100081  | 81.087               | -   | 249,149   | 249,149                                   | -  |
| Fossil Energy Research and Development                               | DE-FE0031931  | 81.089               | 279,235   | -   | 279,235                                   | 158,923  |
| Fossil Energy Research and Development - passed through:             |   |                      |   |   |   |  |
| Gas Technology Institute (GTI)                                       | S939  | 81.089               | -   | 96,796  | 96,796                                    | -  |
| Nuclear Energy Research, Development and Demonstration (B)           | DE-NE0000105  | 81.121               | 44,890  | -   | 44,890                                    | -  |
| Nuclear Energy Research, Development and Demonstration (B)           | DE-NE0009060  | 81.121               | 15,000  | -   | 15,000                                    | -  |
| Advanced Research Projects Agency - Energy                           | DE-AR0000890  | 81.135               | 286,825   | -   | 286,825                                   | 137,235  |
| Advanced Research Projects Agency - Energy                           | DE-AR0001463  | 81.135               | 130,804   | -   | 130,804                                   | 32,296   |
| Advanced Research Projects Agency - Energy                           | DE-AR0001581  | 81.135               | 16,789  | -   | 16,789                                    | -  |
| Advanced Research Projects Agency - Energy - passed through:         |   |                      |   |   |   |  |
| Eaton Corporation  | PO# 0011-43302/DE-AR0001111                                 | 81.135               | -   | (19,376)  | (19,376)                                  | -  |
| Eaton Corporation  | PO# 0011-44171/DE-AR0001111                                 | 81.135               | -   | 114,044   | 114,044                                   | -  |
| Eaton Corporation  | PO# 0011-44902/DE-AR0001111                                 | 81.135               | -   | 164,190   | 164,190                                   | -  |
| Department of Energy Contracts - passed through                      |   |                      |   |   |   |  |
| Argonne National Laboratory  | 1J-60054/DE-AC02-06CH11357                                  | 81.RD                | -   | 407,015   | 407,015                                   | -  |
| Argonne National Laboratory  | 8J-30001/DE-AC02-06CH11357                                  | 81.RD                | -   | 1,355,526   | 1,355,526                                 | -  |
| Argonne National Laboratory  | PRJ1008284/DE-AC02-06CH11357                                | 81.RD                | -   | 169,646   | 169,646                                   | -  |
| Fermi National Laboratory  | 672111/DE-AC02-07CH11359                                    | 81.RD                | -   | 89,200  | 89,200                                    | -  |

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| <u>Federal Grantor/Pass-Through/Program or Cluster Title</u>   | <u>Award number<br/>additional award<br/>identification</u> | <u>AL<br/>Number</u> | <u>Federal<br/>expenditures<br/>direct awards</u> | <u>Federal<br/>expenditures<br/>indirect awards</u> | <u>Total<br/>federal<br/>expenditures</u> | <u>Passed<br/>through to<br/>subrecipients</u> |
|--|---|----------------------|---|---|---|--|
| Department of Energy Contracts - passed through, continued:  |   |                      |   |   |   |  |
| Fermi National Laboratory  | 672116/DE-AC02-07CH11359                                    | 81.RD                | \$ -  | \$ 79,357   | \$ 79,357                                 | \$ -   |
| Fermi National Laboratory  | 674607/DE-AC02-07CH11359                                    | 81.RD                | -   | 39,748  | 39,748                                    | -  |
| Fermi National Laboratory  | 679722/DE-AC02-07CH11359                                    | 81.RD                | -   | 31,384  | 31,384                                    | -  |
| Fermi National Laboratory  | 680132/DE-AC02-07CH11359                                    | 81.RD                | -   | 57,316  | 57,316                                    | -  |
| Fermi National Laboratory  | 680462/DE-AC02-07CH11359                                    | 81.RD                | -   | 8,680   | 8,680                                     | -  |
| Fermi National Laboratory  | 685186/DE-AC02-07CH11359                                    | 81.RD                | -   | 6,019   | 6,019                                     | -  |
| Fermi National Laboratory  | 687862/DE-AC02-07CH11359                                    | 81.RD                | -   | 32,223  | 32,223                                    | -  |
| Georgia Institute of Technology  | RK579-S1/DE-AC07-05ID14517                                  | 81.RD                | -   | 33,622  | 33,622                                    | -  |
| Lawrence Livermore National Laboratory   | B644326/DE-AC52-07NA27344                                   | 81.RD                | -   | 14,944  | 14,944                                    | -  |
| Lawrence Livermore National Laboratory   | B647325/DE-AC52-07NA27344                                   | 81.RD                | -   | 30,274  | 30,274                                    | -  |
| Los Alamos National Laboratory   | 420816/DE-AC52-06NA25396                                    | 81.RD                | -   | 65,818  | 65,818                                    | -  |
| SLAC National Accelerator Laboratory   | 193430/DE-AC02-76SF00515                                    | 81.RD                | -   | 72,599  | 72,599                                    | -  |
|  |   |                      | <u>2,325,110</u>                                  | <u>3,181,248</u>                                    | <u>5,506,358</u>                          | <u>571,980</u>                                 |
| Department of Health and Human Services:   |   |                      |   |   |   |  |
| Food and Drug Administration - Research  | 5U19FD005322  | 93.103               | 3,629,476   | -   | 3,629,476                                 | -  |
| Oral Diseases and Disorders Research   | 1R01DE031832-01   | 93.121               | 73,453  | -   | 73,453                                    | 1,332  |
| Mental Health Research Grants - passed through:  |   |                      |   |   |   |  |
| University of Michigan   | SUBK00014712  | 93.242               | -   | 61,661  | 61,661                                    | -  |
| University of Michigan   | SUBK00014718  | 93.242               | -   | 112,761   | 112,761                                   | -  |
| Substance Abuse and Mental Health Services Projects of Regional and<br>National Significance - passed through: |   |                      |   |   |   |  |
| Depression and Bipolar Support Alliance  | 1H79SM083928-01   | 93.243               | -   | 7,499   | 7,499                                     | -  |
| Discovery and Applied Research for Technological Innovations to Improve<br>Human Health                        | 5R01EB023969-04   | 93.286               | 494,293   | -   | 494,293                                   | 53,956   |
| Discovery and Applied Research for Technological Innovations to Improve<br>Human Health                        | 5R01EB029800-02   | 93.286               | 392,177   | -   | 392,177                                   | 149,272  |
| Discovery and Applied Research for Technological Innovations to Improve<br>Human Health - passed through:      |   |                      |   |   |   |  |
| University of Massachusetts Worcester  | OSP30847-02   | 93.286               | -   | 184,462   | 184,462                                   | -  |
| Minority Health and Health Disparities Research  | 5R01MD010541  | 93.307               | 50,776  | -   | 50,776                                    | -  |
| Minority Health and Health Disparities Research  | 5U01MD010541  | 93.307               | 26,982  | -   | 26,982                                    | -  |
| National Center for Advancing Transitional Services - passed through:  |   |                      |   |   |   |  |
| University of Chicago  | FP065282-C  | 93.350               | -   | 71,546  | 71,546                                    | -  |
| Cancer Detection and Diagnosis Research - passed through:  |   |                      |   |   |   |  |
| Dartmouth College  | R1520   | 93.394               | -   | 12,217  | 12,217                                    | -  |
| ACL National Institute on Disability, Independent Living, and Rehabilitation Research (B)                      | 90DPHF0008-01-00  | 93.433               | 211,615   | -   | 211,615                                   | 70,074   |
| ACL National Institute on Disability, Independent Living, and Rehabilitation Research (B)                      | 90DPHF0008-02-00  | 93.433               | 114,784   | -   | 114,784                                   | 101,399  |
| ACL National Institute on Disability, Independent Living, and Rehabilitation Research (B)                      | 90IFDV0026-01-00  | 93.433               | 32,335  | -   | 32,335                                    | -  |

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|---|---|----------------------|---|---|---|--|
| Department of Health and Human Services, continued                            |   |                      |   |   |   |  |
| ACL National Institute on Disability, Independent Living, and Rehabilitation  |   |                      |   |   |   |  |
| Research (B) - passed through:  |   |                      |   |   |   |  |
| University of Illinois  | 18485   | 93.433               | \$ -  | \$ 5,868  | \$ 5,868                                  | \$ -   |
| University of South Florida   | 5820-1333-00-B  | 93.433               | -   | 7,885   | 7,885                                     | -  |
| Cardiovascular Diseases Research  | 5K25HL141634-03   | 93.837               | 183,948   | -   | 183,948                                   | -  |
| Cardiovascular Diseases Research  | 1R01HL154687-01   | 93.837               | 367,618   | -   | 367,618                                   | 61,875   |
| Cardiovascular Diseases Research - passed through                             |   |                      |   |   |   |  |
| University of Chicago   | AWD100549 (SUB00000497)                                     | 93.837               | -   | 22,830  | 22,830                                    | -  |
| University of Wisconsin Madison   | 832K005   | 93.837               | -   | 50,533  | 50,533                                    | -  |
| Wayne State University  | WSU21028  | 93.837               | -   | 15,287  | 15,287                                    | -  |
| Lung Diseases Research - passed through                                       |   |                      |   |   |   |  |
| Oregon Health & Science University  | 1011201_ILLINOIS-IT   | 93.838               | -   | 81,699  | 81,699                                    | -  |
| Arthritis, Musculoskeletal and Skin Diseases Research                         | 5R21AR074072-02   | 93.846               | 99,246  | -   | 99,246                                    | 15,578   |
| Arthritis, Musculoskeletal and Skin Diseases Research - passed through:       |   |                      |   |   |   |  |
| University of Massachusetts Worcester   | OSP2018019  | 93.846               | -   | 27,024  | 27,024                                    | -  |
| Diabetes, Digestive and Kidney Diseases Extramural Research                   | 5F31DK116524-03   | 93.847               | 6,722   | -   | 6,722                                     | -  |
| Diabetes, Digestive and Kidney Diseases Extramural Research                   | 1R01DK130049-01   | 93.847               | 210,548   | -   | 210,548                                   | 58,259   |
| Diabetes, Digestive and Kidney Diseases Extramural Research - passed through: |   |                      |   |   |   |  |
| University of Chicago   | AWD035726 (SUB00000589)                                     | 93.847               | -   | 753   | 753                                       | -  |
| University of Chicago   | AWD047431-01-PR (SUB00000337)                               | 93.847               | -   | 16,087  | 16,087                                    | -  |
| Extramural Research Programs in the Neurosciences and Neurological Disorders  | 5R01NS092760-05   | 93.853               | (46,716)  | -   | (46,716)                                  | -  |
| Extramural Research Programs in the Neurosciences and Neurological Disorders  | 5UG3NS095557-02   | 93.853               | (2,805)   | -   | (2,805)                                   | -  |
| Extramural Research Programs in the Neurosciences and Neurological Disorders  | 4UH3NS095557-03   | 93.853               | 909,376   | -   | 909,376                                   | 587,367  |
| Extramural Research Programs in the Neurosciences and Neurological Disorders  |   |                      |   |   |   |  |
| passed through:   |   |                      |   |   |   |  |
| Rush University Medical Center  | 16050403-Sub02  | 93.853               | -   | 120,938   | 120,938                                   | -  |
| Rush University Medical Center  | 16050403-Sub03  | 93.853               | -   | 7,394   | 7,394                                     | -  |
| Allergy and Infectious Diseases Research                                      | 1R15AI130988-01A1   | 93.855               | 146,065   | -   | 146,065                                   | -  |
| Allergy and Infectious Diseases Research                                      | 1R01AI151152-01A1   | 93.855               | 2,054   | -   | 2,054                                     | -  |
| Biomedical Research and Research Training                                     | 5P41GM103622  | 93.859               | 35,864  | -   | 35,864                                    | -  |
| Biomedical Research and Research Training                                     | 5P30GM138395  | 93.859               | 2,369,677   | -   | 2,369,677                                 | -  |
| Biomedical Research and Research Training                                     | 2R15GM110632-02   | 93.859               | (2,705)   | -   | (2,705)                                   | -  |
| Biomedical Research and Research Training                                     | 1R15GM131292-01   | 93.859               | 121,058   | -   | 121,058                                   | -  |
| Biomedical Research and Research Training                                     | 5R01GM127712-03   | 93.859               | 298,683   | -   | 298,683                                   | -  |
| Biomedical Research and Research Training                                     | 5R35GM119647  | 93.859               | 105,804   | -   | 105,804                                   | -  |
| Biomedical Research and Research Training                                     | 2R35GM119647-06   | 93.859               | 134,121   | -   | 134,121                                   | -  |
| Child Health and Human Development Extramural Research                        | 1R15HD096410-01A1   | 93.865               | 97,127  | -   | 97,127                                    | 28,352   |
| Aging Research  | 5R01AG052200-04   | 93.866               | 426,140   | -   | 426,140                                   | 134,432  |
| Aging Research  | 5R01AG064233-03   | 93.866               | 436,275   | -   | 436,275                                   | 295,154  |

(Continued)  
See notes to Schedule of Expenditures of Federal Awards.  
See Accompanying Independent Auditor's Report.

ILLINOIS INSTITUTE OF TECHNOLOGY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended May 31, 2022

| <u>Federal Grantor/Pass-Through/Program or Cluster Title</u> | <u>Award number<br/>additional award<br/>identification</u> | <u>AL<br/>Number</u> | <u>Federal<br/>expenditures<br/>direct awards</u> | <u>Federal<br/>expenditures<br/>indirect awards</u> | <u>Total<br/>federal<br/>expenditures</u> | <u>Passed<br/>through to<br/>subrecipients</u> |
|--|---|----------------------|---|---|---|--|
| Department of Health and Human Services, continued           |   |                      |   |   |   |  |
| Aging Research - passed through                              |   |                      |   |   |   |  |
| Rush University Medical Center                               | 5P30AG010161-30   | 93.866               | \$ -  | \$ 13,724   | \$ 13,724                                 | \$ -   |
| Vision Research  | 5R01EY029298-03   | 93.867               | 514,153   | -   | 514,153                                   | 332,853  |
| Vision Research  | 1R01EY032222-01A1   | 93.867               | 307,200   | -   | 307,200                                   | 106,854  |
|  |   |                      | <u>11,745,344</u>                                 | <u>820,168</u>                                      | <u>12,565,512</u>                         | <u>1,996,757</u>                               |
| Total Research and Development Cluster                       |   |                      | <u>20,563,676</u>                                 | <u>5,056,623</u>                                    | <u>25,620,299</u>                         | <u>3,623,139</u>                               |
| Student Financial Assistance Cluster:                        |   |                      |   |   |   |  |
| Department of Education:                                     |   |                      |   |   |   |  |
| Federal Supplemental Educational Opportunity Grants          | P007A211173   | 84.007               | 511,488   | -   | 511,488                                   | -  |
| Federal Work-Study Program - FY21                            | P033A201173   | 84.033               | 280,556   | -   | 280,556                                   | -  |
| Federal Work-Study Program - FY22                            | P033A211173   | 84.033               | 551,834   | -   | 551,834                                   | -  |
| Federal Perkins Loan Program                                 |   | 84.038               | 3,860,035   | -   | 3,860,035                                 | -  |
| Federal Pell Grant Program - FY21                            | P063P201349   | 84.063               | 182,341   | -   | 182,341                                   | -  |
| Federal Pell Grant Program - FY22                            | P063P211349   | 84.063               | 4,347,940   | -   | 4,347,940                                 | -  |
| Federal Direct Student Loans                                 | P268K211349   | 84.268               | 640,468   | -   | 640,468                                   | -  |
| Federal Direct Student Loans                                 | P268K221349   | 84.268               | 19,516,687  | -   | 19,516,687                                | -  |
| Federal Direct Student Loans                                 | P268K216726   | 84.268               | 369,958   | -   | 369,958                                   | -  |
| Federal Direct Student Loans                                 | P268K226726   | 84.268               | 15,874,674  | -   | 15,874,674                                | -  |
| Total Student Financial Assistance Cluster                   |   |                      | <u>46,135,981</u>                                 | <u>-</u>  | <u>46,135,981</u>                         | <u>-</u>                                       |
| Other Awards:  |   |                      |   |   |   |  |
| Department of Transportation:                                |   |                      |   |   |   |  |
| Highway Planning and Construction - passed through:          |   |                      |   |   |   |  |
| University of Illinois                                       | 087795-18231  | 20.205               | -   | 27,000  | 27,000                                    | -  |
| University of Illinois                                       | 087795-18539  | 20.205               | -   | 16,886  | 16,886                                    | -  |
| University of Illinois                                       | 087795-18563  | 20.205               | -   | 27,000  | 27,000                                    | -  |
|  |   |                      | <u>-</u>  | <u>70,886</u>                                       | <u>70,886</u>                             | <u>-</u>                                       |
| Library of Congress:   |   |                      |   |   |   |  |
| Teaching with Primary Sources - passed through:              |   |                      |   |   |   |  |
| Illinois State University                                    | A08-0002-S053   | 42.010               | -   | 5,700   | 5,700                                     | -  |
|  |   |                      | <u>-</u>  | <u>5,700</u>  | <u>5,700</u>                              | <u>-</u>                                       |

(Continued)  
See notes to Schedule of Expenditures of Federal Awards.  
See Accompanying Independent Auditor's Report.

ILLINOIS INSTITUTE OF TECHNOLOGY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended May 31, 2022

| <u>Federal Grantor/Pass-Through/Program or Cluster Title</u>  | Award number<br>additional award<br><u>identification</u> | AL<br><u>Number</u> | Federal<br>expenditures<br><u>direct awards</u> | Federal<br>expenditures<br><u>indirect awards</u> | Total<br>federal<br><u>expenditures</u> | Passed<br>through to<br><u>subrecipients</u> |
|---|---|---------------------|---|---|---|--|
| The Institute of Museum and Library Services:<br>Grants to States - passed through:<br>Illinois State Library | 22-5126-RTR   | 45.310              | \$ -  | \$ 19,416   | \$ 19,416                               | \$ -   |
|   |   |                     | <u>-</u>  | <u>19,416</u>                                     | <u>19,416</u>                           | <u>-</u>                                     |
| Department of Education:  |   |                     |   |   |   |  |
| Rehabilitation Long-Term Training Grant Program: MS in Rehabilitation Counseling                              | H129B200029   | 84.129B             | 149,545   | -   | 149,545                                 | -  |
| Long-Term Training for Rehabilitation of Individuals Who Are Mentally Ill                                     | H129H190019   | 84.129H             | 191,477   | -   | 191,477                                 | -  |
| Graduate Assistance in Areas of National Need   | P200A190080   | 84.200A             | 245,389   | -   | 245,389                                 | -  |
| COVID-19 Education Stabilization Fund - Higher Education Emergency<br>Relief Fund (HEERF) - Student Aid Funds | P425E201018   | 84.425E             | 3,637,812                                       | -   | 3,637,812                               | -  |
| Total Department of Education   |   |                     | <u>4,224,223</u>                                | <u>-</u>  | <u>4,224,223</u>                        | <u>-</u>                                     |
| Other Awards  |   |                     | <u>4,224,223</u>                                | <u>96,002</u>                                     | <u>4,320,225</u>                        | <u>-</u>                                     |
| Total Federal Awards  |   |                     | <u>\$ 70,923,880</u>                            | <u>\$ 5,152,625</u>                               | <u>\$ 76,076,505</u>                    | <u>\$ 3,623,139</u>                          |

(Continued)  
See notes to Schedule of Expenditures of Federal Awards.  
See Accompanying Independent Auditor's Report.

ILLINOIS INSTITUTE OF TECHNOLOGY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended May 31, 2022

The following table represents subtotals by each individual AL number:

| AL<br>Number | Federal<br>expenditures<br>direct awards | Federal<br>expenditures<br>indirect awards | Total<br>federal<br>expenditures | Passed<br>through to<br>subrecipients |
|--------------|--|--|----------------------------------|---------------------------------------|
| Total 10.001 | \$ 138,138                               | \$ -                                       | \$ 138,138                       | \$ -                                  |
| Total 10.175 | -  | 7,040                                      | 7,040                            | -                                     |
| Total 10.310 | 319,778                                  | 96,596                                     | 416,374                          | 306                                   |
| Total 10.479 | 216,994                                  | -  | 216,994                          | 141,167                               |
| Total 11.417 | -  | 17,147                                     | 17,147                           | -                                     |
| Total 12.300 | 123,465                                  | -  | 123,465                          | -                                     |
| Total 12.420 | -  | 85,137                                     | 85,137                           | -                                     |
| Total 12.800 | 9,923                                    | 96,639                                     | 106,562                          | -                                     |
| Total 12.902 | 87,013                                   | -  | 87,013                           | -                                     |
| Total 12.RD  | -  | 400,960                                    | 400,960                          | 48,007                                |
| Total 14.906 | 62,013                                   | -  | 62,013                           | -                                     |
| Total 15.805 | -  | 2,033                                      | 2,033                            | -                                     |
| Total 20.108 | 420,802                                  | -  | 420,802                          | 65,881                                |
| Total 20.205 | -  | 70,886                                     | 70,886                           | -                                     |
| Total 42.010 | -  | 5,700                                      | 5,700                            | -                                     |
| Total 43.001 | 165,487                                  | 108,964                                    | 274,451                          | 35,172                                |
| Total 43.003 | 30,556                                   | -  | 30,556                           | -                                     |
| Total 43.008 | -  | 81,043                                     | 81,043                           | -                                     |
| Total 45.310 | -  | 19,416                                     | 19,416                           | -                                     |
| Total 47.041 | 1,290,896                                | -  | 1,290,896                        | 361,659                               |
| Total 47.049 | 668,871                                  | -  | 668,871                          | -                                     |
| Total 47.070 | 2,395,581                                | 82,704                                     | 2,478,285                        | 402,210                               |
| Total 47.074 | 202,900                                  | 408  | 203,308                          | -                                     |
| Total 47.075 | 219,711                                  | 27,478                                     | 247,189                          | -                                     |
| Total 47.076 | 19,704                                   | 9,717                                      | 29,421                           | -                                     |
| Total 47.078 | 109,873                                  | -  | 109,873                          | -                                     |
| Total 66.469 | -  | 10,509                                     | 10,509                           | -                                     |
| Total 66.509 | -  | 28,832                                     | 28,832                           | -                                     |
| Total 66.516 | 11,517                                   | -  | 11,517                           | -                                     |
| Total 81.049 | 1,187,668                                | -  | 1,187,668                        | 243,526                               |
| Total 81.086 | 363,899                                  | 83,074                                     | 446,973                          | -                                     |
| Total 81.087 | -  | 249,149                                    | 249,149                          | -                                     |
| Total 81.089 | 279,235                                  | 96,796                                     | 376,031                          | 158,923                               |
| Total 81.121 | 59,890                                   | -  | 59,890                           | -                                     |
| Total 81.135 | 434,418                                  | 258,858                                    | 693,276                          | 169,531                               |
| Total 81.RD  | -  | 2,493,371                                  | 2,493,371                        | -                                     |

(Continued)

See notes to Schedule of Expenditures of Federal Awards.  
See Accompanying Independent Auditor's Report.

ILLINOIS INSTITUTE OF TECHNOLOGY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended May 31, 2022

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| AL<br>Number  | Federal<br>expenditures<br>direct awards | Federal<br>expenditures<br>indirect awards | Total<br>federal<br>expenditures | Passed<br>through to<br>subrecipients |
|---------------|--|--|----------------------------------|---------------------------------------|
| Total 84.007  | \$ 511,488                               | \$ -                                       | \$ 511,488                       | \$ -                                  |
| Total 84.033  | 832,390                                  | -  | 832,390                          | -                                     |
| Total 84.038  | 3,860,035                                | -  | 3,860,035                        | -                                     |
| Total 84.063  | 4,530,281                                | -  | 4,530,281                        | -                                     |
| Total 84.129B | 149,545                                  | -  | 149,545                          | -                                     |
| Total 84.129H | 191,477                                  | -  | 191,477                          | -                                     |
| Total 84.200A | 245,389                                  | -  | 245,389                          | -                                     |
| Total 84.268  | 36,401,787                               | -  | 36,401,787                       | -                                     |
| Total 84.425E | 3,637,812                                | -  | 3,637,812                        | -                                     |
| Total 93.103  | 3,629,476                                | -  | 3,629,476                        | -                                     |
| Total 93.121  | 73,453                                   | -  | 73,453                           | 1,332                                 |
| Total 93.242  | -  | 174,422                                    | 174,422                          | -                                     |
| Total 93.243  | -  | 7,499                                      | 7,499                            | -                                     |
| Total 93.286  | 886,470                                  | 184,462                                    | 1,070,932                        | 203,228                               |
| Total 93.307  | 77,758                                   | -  | 77,758                           | -                                     |
| Total 93.350  | -  | 71,546                                     | 71,546                           | -                                     |
| Total 93.394  | -  | 12,217                                     | 12,217                           | -                                     |
| Total 93.433  | 358,734                                  | 13,753                                     | 372,487                          | 171,473                               |
| Total 93.837  | 551,566                                  | 88,650                                     | 640,216                          | 61,875                                |
| Total 93.838  | -  | 81,699                                     | 81,699                           | -                                     |
| Total 93.846  | 99,246                                   | 27,024                                     | 126,270                          | 15,578                                |
| Total 93.847  | 217,270                                  | 16,840                                     | 234,110                          | 58,259                                |
| Total 93.853  | 859,855                                  | 128,332                                    | 988,187                          | 587,367                               |
| Total 93.855  | 148,119                                  | -  | 148,119                          | -                                     |
| Total 93.859  | 3,062,502                                | -  | 3,062,502                        | -                                     |
| Total 93.865  | 97,127                                   | -  | 97,127                           | 28,352                                |
| Total 93.866  | 862,415                                  | 13,724                                     | 876,139                          | 429,586                               |
| Total 93.867  | 821,353                                  | -  | 821,353                          | 439,707                               |
|               | <u>\$ 70,923,880</u>                     | <u>\$ 5,152,625</u>                        | <u>\$ 76,076,505</u>             | <u>\$ 3,623,139</u>                   |

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See notes to Schedule of Expenditures of Federal Awards.  
See Accompanying Independent Auditor's Report.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation: The accompanying schedule of expenditures of federal awards (the Schedule) summarizes the federal awards received by the Illinois Institute of Technology (the University) under programs of the federal government for the fiscal year ended May 31, 2022. The Schedule excludes expenditures of federal awards of IIT Research Institute, a subsidiary of the University. Expenditures of federal awards for IIT Research Institute are audited in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) separately.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between the University and agencies and departments of the federal government and all subawards to the University by nonfederal organizations pursuant to federal grants, contracts, and similar agreements. The University's federal programs include:

*Student Financial Assistance Cluster* - Includes certain awards to provide financial assistance to students primarily under the Federal Pell Grant (Pell), Federal Work Study (FWS), and the Federal Supplemental Educational Opportunity Grant (FSEOG) programs of the U.S. Department of Education. Also, the University receives awards to make loans to eligible students under the Federal Direct Student Loan Program (FDL).

*Research and Development Cluster* - Includes awards for research and development activities at the University sponsored by various agencies of the federal government and pass through entities.

*Other Federal Awards* - Includes awards for program activities at the University sponsored by various agencies of the federal government and pass through entities.

Total expenditures in the Schedule of approximately \$76,077,000 do not directly agree to the revenue line items on the University's May 31, 2022 consolidated statement of activities. Federal expenditures and indirect cost revenue are classified in the accompanying consolidated statement of activities as government grants and contracts revenue, totaling approximately \$45,667,000 in federal expenditure and indirect cost revenue of approximately \$4,807,000, relate to the University. Government grants and contracts consist of approximately \$1,247,000 of awards received from states and local sources and \$3,798,000 in conditional Higher Education Emergency Relief Funds monies recognized as revenue during the year ended May 31, 2022 but presented on the Schedule for the year ended May 31, 2021. The remaining balance of approximately \$8,354,000 related to IIT Research Institute, a consolidated separate legal entity. Federal student loans activity in the Schedule of approximately \$40,262,000 is not included in the consolidated statement of activities.

Expenditure Recognition: Expenditures are recognized in the period they are incurred. Award reporting periods do not necessarily coincide with the fiscal reporting period of the University. The existence of certain credit balances on the Schedule is primarily due to the reclassification of expenditures incurred recorded in the University's prior fiscal reporting period.



ILLINOIS INSTITUTE OF TECHNOLOGY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended May 31, 2022

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**NOTE 2 - INDIRECT COSTS**

The University has four-year predetermined fixed indirect cost rates, effective June 1, 2019 through May 31, 2023, which have been negotiated with its cognizant agency, U.S. Department of Health and Human Services. The predetermined fixed rates were based on the University's financial information for fiscal year 2018. The base rates for on and off campus and US Food and Drug Administration research were 54%, 24%, and 11% of modified total direct costs, respectively. Approximately \$4,807,000 of indirect costs were reimbursed to the University during the year ended May 31, 2022. The University does not use the de minimus indirect cost rate permitted under the Uniform Guidance.

**NOTE 3 - FEDERAL STUDENT LOAN PROGRAMS**

Loans made by the University to eligible students under federal student loan programs and federally guaranteed loans issued to students of the University during the fiscal year ended May 31, 2022 are summarized as follows:

|                                    |    |                   |
|------------------------------------|----|-------------------|
| Perkins                            | \$ | -                 |
| FDL                                |    | <u>36,401,787</u> |
| Total federal student loan program | \$ | <u>36,401,787</u> |

The Perkins program is administered directly by the University and balances and transactions relating to this program are included in the University's consolidated financial statements. The balance of loans outstanding consist of the following amounts:

|  |    |                  |
|--|----|------------------|
| Outstanding balance as of May 31, 2021 | \$ | 3,860,035        |
| Loans disbursed                        |    | -                |
| Repayment                              |    | (806,008)        |
| Cancellations                          |    | <u>(8,062)</u>   |
| Outstanding balance as of May 31, 2022 | \$ | <u>3,045,965</u> |

The University is responsible only for the performance of certain administrative duties with respect to the FDL, and accordingly, these loans are not included in its consolidated financial statements, and it is not practical to determine the balance of loans outstanding to students and former students of the University under these programs at May 31, 2022.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Trustees  
Illinois Institute of Technology  
Chicago, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Illinois Institute of Technology and Subsidiaries (the "University"), which comprise the consolidated statement of financial position as of May 31, 2022, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 29, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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(Continued)

## Report on Compliance and Other Matters

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Crowe LLP*  
Crowe LLP

Chicago, Illinois  
March 29, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE

The Board of Trustees  
Illinois Institute of Technology  
Chicago, Illinois

**Report on Compliance for Each Major Federal Program*****Opinion on Each Major Federal Program***

We have audited Illinois Institute of Technology's (the "University") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the University's major federal programs for the year ended May 31, 2022. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

### ***Other Matter – Federal Expenditures Not Included in the Compliance Audit***

The University's consolidated financial statements include the operations of the IIT Research Institute, which expended approximately \$8,354,000 in federal awards which is not included in the University's schedule of expenditures of federal awards during the year ended May 31, 2022. Our compliance audit, described in the "Opinion on Each Major Federal Program," does not include the operations of IIT Research Institute because their federal expenditures were included in a separate Single Audit for their fiscal year ended September 30, 2022.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the University's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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(Continued)

## Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

  
Crowe LLP

Chicago, Illinois  
March 29, 2023

ILLINOIS INSTITUTE OF TECHNOLOGY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year Ended May 31, 2022

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Section I. Summary of Auditor's Results:

Financial statements:

The type of report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified not considered to be material weaknesses?  Yes  None reported

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of major programs:

| <u>AL Numbers</u> | <u>Name of Federal Program or Cluster</u>  |
|-------------------|--|
|                   | Student Financial Aid Cluster  |
| 84.007            | Federal Supplemental Education Opportunity Grants                                      |
| 84.033            | Federal Work Study   |
| 84.038            | Federal Perkins Loan Program   |
| 84.063            | Federal Pell Grant Program   |
| 84.268            | Federal Direct Loan Program  |
|                   | COVID-19 Education Stabilization Fund - Higher Education Emergency Relief Fund (HEERF) |
| 84.425E           | COVID-19 – HEERF Student Aid Portion   |

Dollar threshold used to distinguish between type A and type B programs: \$2,282,295

Auditee qualified as low-risk auditee?  Yes  No

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(Continued)

ILLINOIS INSTITUTE OF TECHNOLOGY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended May 31, 2022

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Section II. Findings related to financial statements that are required to be reported in accordance with GAGAS:

None.

Section III. Findings and questioned costs for federal awards including audit findings as described in *OMB Compliance Supplement 2* CFR 200.516(a):

None.



ILLINOIS INSTITUTE OF TECHNOLOGY  
 FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE –  
 UNITED STATES DEPARTMENT OF EDUCATION  
 May 31, 2022

| Ratio Element   | Reference to Financial<br>Statements and/or Notes   | Element Amount             |
|---|---|----------------------------|
| <b>Primary Reserve Ratio</b>  |   |                            |
| <u>Expendable Net Assets:</u>   |   |                            |
| Net assets without donor restrictions   | Statement of Financial Position                     | \$ 187,514,000             |
| Net assets with donor restrictions  | Statement of Financial Position                     | 280,532,000                |
| Secured and Unsecured related party receivable  | Note 18, line 28                                    | 9,374,000                  |
| Unsecured related party receivable  | Note 18, line 28                                    | 9,374,000                  |
| <u>Property, plant and equipmen. net (includes conctruction in progress)</u>                        |   |                            |
| Property, plant and equipment pre-implementation  | Statement of Financial Position<br>Note 18, line 3c | 355,725,000<br>257,945,000 |
| Property, plant and equipment post-implementation<br>with outstanding debt for original purchase    | Note 18, line 4d                                    | 5,475,000                  |
| Property, plant and equipment post-implementation<br>without outstanding debt for original purchase | Note 18, line 5e                                    | 89,345,000                 |
| Lease right-of-use asset, pre-implementation  | Note 18, line 6                                     | 2,887,000                  |
| Lease right-of-use asset, post-implementation   | Note 18, line 7                                     | 73,000                     |
| <u>Long-term debt - for long term purposes</u>  |   |                            |
| Long-term debt - for long term purposes pre-implementation  | Note 18, line 9c                                    | 167,679,000                |
| Long-term debt - for long term purposes post-implementation   | Not applicable                                      | -                          |
| Line of Credit for Construction in progress   | Note 18, line 11                                    | 18,775,000                 |
| <u>Lease right-of-use asset liability</u>   |   |                            |
| Pre-implementation right-of-use asset liability   | Note 18, line 14                                    | 2,689,000                  |
| Post-implementation right-of-use asset liability  | Note 18, line 15                                    | 73,000                     |
| Annuities with donor restrictions   | Note 18, line 2a                                    | 981,000                    |
| Term endowments with donor restrictions   | Not applicable                                      | -                          |
| Life income funds with donor restrictions   | Not applicable                                      | -                          |
| <u>Net assets with donor restrictions: restricted in perpetuity</u>                                 | Note 18, line 1                                     | 241,420,000                |
| <u>Total Expenses and Losses without Donor Restrictions</u>   | Note 18, line 27                                    | 295,939,000                |

(Continued)  
 See Accompanying Independent Auditor's Report.

ILLINOIS INSTITUTE OF TECHNOLOGY  
 FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE –  
 UNITED STATES DEPARTMENT OF EDUCATION  
 May 31, 2022

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| <b>Ratio Element</b>                                     | <b>Reference to Financial<br/>Statements and/or Notes</b> | <b>Element Amount</b> |
|--|---|-----------------------|
| <b>Equity Ratio</b>                                      |   |                       |
| <i>Modified Net Assets</i>                               |   |                       |
| Net assets without donor restrictions                    | Statement of Financial Position                           | 187,514,000           |
| Net assets with donor restrictions                       | Statement of Financial Position                           | 280,532,000           |
| Intangible assets  | Not applicable  | -                     |
| Secured and unsecured related party receivables          | Note 18, line 28  | 9,374,000             |
| Unsecured related party receivables                      | Note 18, line 28  | 9,374,000             |
| <br><i>Modified Assets</i>                               |   |                       |
| Total assets   | Statement of Financial Position                           | 761,305,000           |
| Intangible assets  | Not applicable  | -                     |
| Secured and Unsecured related party receivable           | Note 18, line 28  | 9,374,000             |
| Unsecured related party receivable                       | Note 18, line 28  | 9,374,000             |
| <br><b>Net Income Ratio</b>                              |   |                       |
| Change in net assets without donor restrictions          | Statement of Activities                                   | 11,801,000            |
| Total revenue and total gains without donor restrictions | Note 18, line 22  | 307,740,000           |

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See Accompanying Independent Auditor's Report.