GEORGIA INSTITUTE OF TECHNOLOGY

Annual Financial Report

FOR FISCAL YEAR ENDED JUNE 30, 2021

INCLUDING INDEPENDENT AUDITOR'S REPORT

Georgia Tech

GEORGIA INSTITUTE OF TECHNOLOGY
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Introductory Section

Message from the President

When we launched our strategic plan last fall, the Georgia Tech community made a commitment to our vision for the next decade. With students as our top priority, we will be an engine of innovation, opportunity, and entrepreneurship in our city and state that empowers people of all backgrounds and stages of life to advance technology and improve the human condition. As an inclusive community of world-class learning and discovery, Georgia Tech will pursue ambitious goals grounded in our core values — excellence, collaboration, diversity, well-being, and more — as we serve the public good in our city and throughout the world.

As our community navigated the pandemic, we found a renewed resolve, resilience, and purpose in our mission to our students and our community. Novel solutions created by our own experts, including a massive in-house saliva-based testing system and an effective vaccination campaign, made it possible for us to continue providing our students a superior educational experience while keeping our community safe and healthy. At the same time, our dedicated faculty and staff innovated tirelessly to provide crucial student and campus services without interruption while safely delivering thousands of course sections in residential, hybrid, and remote modes.

Even amid the crisis, Georgia Tech thrived and even broke a few Institute records as we saw the first tangible outcomes of our new strategic plan in action. Our Fall 2020 enrollment hit an all-time high of 39,771 students. Sixty-two percent of our undergraduates were from the state of Georgia, and our student body represented all 50 states, four U.S. territories, and 149 countries. Our students' six-year graduation rate stands at a record-high 92%, well above the national average. Our five- and four-year graduation rates also are at historic highs, at 90% and 56%, respectively, which places Georgia Tech among the leading institutions in the University System of Georgia (USG). And thanks to our comprehensive health and safety campaign, we were able to celebrate a record number of new degrees awarded at in-person Commencement ceremonies in December and May.

Our extensive research enterprise also flourished as our researchers continued to engage with industry collaborators alongside local, state, and federal agencies to develop and deploy new technologies and solutions. During the past fiscal year, sponsored awards set new Institute records, totaling nearly $1.2 billion, with research expenditures amounting to nearly $1.1 billion.

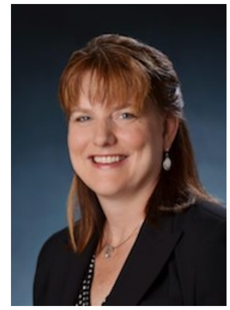
The talent and ideas we produce every year are a powerful engine of economic development. In a recent analysis of fiscal year 2020, the USG found that Georgia Tech's overall economic impact on the state of Georgia surpassed $4 billion while our impact on metro Atlanta — seen in benefits reaped by business, residents, jobs, and more — reached $2.78 billion.

We also made measurable progress in other areas of our strategic plan. Earlier this year, The Kendeda Building for Innovative Sustainable Design received Living Building Challenge certification, the world's most ambitious and holistic green building achievement. Around the same time, we opened the new EcoCommons on campus, an incredible 8-acre green space with a network of paths and bridges that now serves as equal parts learning laboratory, sustainable design model, historic landmark, art exhibit, and natural well-being studio for both Georgia Tech and our local community.

While last year challenged and changed us, we emerged with a renewed sense of purpose and a shared vision of Georgia Tech as a leading technological research university committed to addressing humanity's greatest challenges and building a diverse, global ecosystem of innovation and opportunity for Atlanta and the state of Georgia.

Ángel Cabrera
President
Georgia Institute of Technology

Letter of Transmittal



September 20, 2021

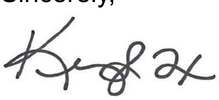
To: President Ángel Cabrera
Georgia Institute of Technology

The Annual Financial Report (AFR) for the Georgia Institute of Technology includes the financial statements for the year ended June 30, 2021, as well as other useful information to help ensure the Institute’s accountability and integrity to the public. The AFR also includes Management's Discussion and Analysis, with all necessary disclosures to assist the reader in gaining a broader and more thorough understanding of the Institute’s financial position as a result of operations for the fiscal year ended June 30, 2021.

Georgia Tech’s management is responsible for the accuracy of this information and for the completeness and fairness of its presentation, including all disclosures. We believe the information is accurate and fairly presents the Institute’s financial position, revenues, expenses and other changes in net position.

The Institute’s financial records are audited by the State of Georgia Department of Audits and Accounts (DOAA) on an annual basis. Georgia Tech’s internal auditors also perform fiscal compliance and performance reviews, sharing the results with the Institute’s management. The audit of the Institute's compliance with major federal programs is performed by Cherry Bekaert in conjunction with the statewide Single Audit.

Sincerely,



Kelly Fox
Executive Vice President
Administration and Finance

Financial Section

DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 4-101
Atlanta, Georgia 30334-8400

Greg S. Griffin
STATE AUDITOR
(404) 656-2174

Independent Auditor's Report

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the Board of Regents of the University System of Georgia
and
Dr. Ángel Cabrera, President
Georgia Institute of Technology

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The other auditors did not audit the financial statements of the aggregate discretely presented component units in accordance with *Government Auditing Standards*, except for the Georgia Tech Research Corporation.

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements of the Institute are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only those portions of the business-type activities, aggregate discretely presented component units, and fiduciary activities of the State of Georgia that are attributable to the transactions of the Institute. They do not purport to, and do not, present fairly the financial position of the State of Georgia as of June 30, 2021, the changes in its financial position or, where applicable, its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Institute’s basic financial statements. The introductory section and accompanying supplementary information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements taken as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2021 on our consideration of the Institute'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 Institute'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 Institute's internal control over financial reporting and compliance.

A copy of this report has been filed as a permanent record and made available to the press of the State, as provided for by Official Code of Georgia Annotated section 50-6-24.

Respectfully submitted,

Greg S. Griffin
State Auditor

December 21, 2021

GEORGIA INSTITUTE OF TECHNOLOGY
Management's Discussion and Analysis

Introduction

The Georgia Institute of Technology (Georgia Tech or the Institute) is one of the twenty-six (26) institutions of higher education within the University System of Georgia (USG) and one of the nation's leading research universities - a university that is developing leaders who advance technology and improve the human condition.

Founded in 1885 to help move Georgia's economy into the industrial age, Georgia Tech exceeded the expectations of its founders by becoming a multi-faceted research institution that serves as a source of innovation and a driver of economic development. Georgia Tech provides a focused, technologically based education to nearly 40,000 undergraduate and graduate students. The Institute has many nationally recognized programs, all top-ranked by peers and publications alike, and is ranked among the nation's top public universities by *U.S. News & World Report*. The Institute is consistently rated among the top universities in the nation for graduation of underrepresented minorities in engineering, physical sciences, and architecture and planning. Georgia Tech offers degrees through the Colleges of Computing, Design, Engineering, Sciences, the Scheller College of Business, and the Ivan Allen College of Liberal Arts. Georgia Tech's high-quality faculty is a key contributor to the Institute's educational environment. More than 90 percent of faculty members hold doctoral degrees. Georiga Tech's prominent faculty are recognized worldwide for their excellent research and teaching skills. Outside the traditional classroom and lab settings, the cooperative education, undergraduate research, study abroad, and internship programs help students lay the groundwork for a successful future.

Accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC), Georgia Tech is a member of the Association of American Universities (AAU), an association of 66 leading research universities in the United States and Canada. As a leading technological institute, Georgia Tech has over 100 research centers and laboratories that consistently contribute vital research and innovation to government, industry, and business on a national and international scale. Georgia Tech's drive to "Create the Next" distinguishes us as a distinctively different university, one that is eagerly encouraging and developing the revolutionary technologies of the 21st century. Equipped with the extremely rich resources of our outstanding students, faculty and staff, strong partnerships with business, industry, and government, and support from alumni and friends, Georgia Tech is designing a future of deliberate innovation and lifelong education.

The Institute has been growing its student and faculty populations as indicated by the comparison numbers that follow.

	FACULTY	STUDENT HEADCOUNT	STUDENT FTE
Fiscal Year 2021	1,439	39,771	29,662
Fiscal Year 2020	1,419	36,489	28,319
Fiscal Year 2019	1,409	32,723	26,377

Overview of the Financial Statements and Financial Analysis

The Institute is pleased to present its financial statements for fiscal year 2021. The emphasis of discussions about these statements will be on current year data. There are three business-type activity financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. There are also two fiduciary fund financial statements presented: the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. This discussion and analysis of the Institute's financial statements provides an overview of its financial activities for the fiscal year. Comparative data is provided for fiscal year 2021 and fiscal year 2020 for business-type activities.

Statement of Net Position

The Statement of Net Position is a financial condition snapshot as of June 30, 2021 and includes all assets (both current and noncurrent), deferred outflows of resources, liabilities (both current and noncurrent) and deferred inflows of resources. The differences between current and noncurrent assets are discussed in the Notes to the Financial Statements. The Statement of Net Position is prepared under the accrual basis of accounting which requires revenue and asset recognition when the service is provided, and expense and liability recognition when goods or services are received, despite when cash is actually exchanged.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the Institute and how much the Institute owes vendors. The difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources is one indicator of the Institute's financial health. Increases or decreases in net position provide an indicator of the improvement or decline of the Institute's financial health when considered in conjunction with other non-financial conditions, such as facilities and enrollment.

Net Position is divided into three major categories. The first category, net investment in capital assets, provides the Institute's equity in property, plant and equipment owned by the Institute.

The next category is restricted, which is divided into two categories, nonexpendable and expendable. The corpus of non-expendable, restricted resources is available only for investment purposes. Expendable, restricted resources are available for expenditure by the Institute, but must be spent for purposes determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.

The final category is unrestricted. Unrestricted resources are available to the Institute for any lawful purpose.

A summary comparison of the Institute's net financial position as of June 30, 2021 and June 30, 2020 is as follows:

CONDENSED STATEMENT OF NET POSITION	June 30, 2021	June 30, 2020
ASSETS		
Current Assets	$ 627,805,275	$ 561,111,306
Capital Assets, Net	2,147,715,353	2,138,222,415
Other Assets	116,748,107	98,223,389
TOTAL ASSETS	2,892,268,735	2,797,557,110
DEFERRED OUTFLOWS OF RESOURCES	349,555,202	248,665,097
LIABILITIES		
Current Liabilities	184,337,184	184,443,769
Non-Current Liabilities	1,963,982,973	1,740,607,492
TOTAL LIABILITIES	2,148,320,157	1,925,051,261
DEFERRED INFLOWS OF RESOURCES	67,922,659	94,863,024
NET POSITION		
Net Investment in Capital Assets	1,630,363,098	1,606,259,990
Restricted, Nonexpendable	88,122,222	70,499,912
Restricted, Expendable	29,065,379	26,243,327
Unrestricted (Deficit)	(721,969,578)	(676,695,307)
TOTAL NET POSITION	$ 1,025,581,121	$ 1,026,307,922

Total assets and deferred outflows of resources increased for the year by $195.6 million. This was largely due to increases of $66.7 million and $18.5 million in the categories of current assets and other assets, respectively, and an increase in deferred outflows of resources of $100.9 million. The increase in deferred outflows of resources was primarily due to changes in actuarial assumptions for the Teachers' Retirement System of Georgia (TRS) and Post-Employment Benefits Other than Pension Benefits (OPEB) plans.

Total liabilities and deferred inflows of resources increased for the year by $196.3 million primarily due to an increase in non-current liabilities of $223.4 million and a decrease of $26.9 million for deferred inflows. The increase in non-current liabilities is due to an increase in the proportionate share of Employees' Retirement System (ERS) and TRS pension and OPEB liabilities. The decrease in deferred inflows of resources was primarily due to the

Institute's decrease in its proportionate share of the actuarially determined deferred gain on the TRS and ERS pension plans and on OPEB.

The combination of the change in total assets and deferred outflows of resources and the change in total liabilities and deferred inflows of resources yielded a decrease in net position of $726,801.

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of this statement is to present the revenues received by the Institute, both operating and non-operating, and the expenses paid by the Institute, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the Institute. Generally, operating revenues are received for providing goods and services to the various customers and constituencies of the Institute. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the Institute. Non-operating revenues are revenues received for which goods and services are not provided. For example, state appropriations are non-operating because they are provided by the Legislature to the Institute without the Legislature directly receiving commensurate goods and services for those revenues.

A summary comparison of the Institute's activities as of June 30, 2021 and June 30, 2020 is as follows:

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	June 30, 2021	June 30, 2020
Operating Revenue	$ 1,614,632,094	$ 1,579,194,504
Operating Expense	1,993,523,820	1,949,960,417
Operating Loss	(378,891,726)	(370,765,913)
Nonoperating Revenue and Expense	339,128,517	370,976,261
Income (Loss) before Other Revenues, Expenses, Gains or Losses	(39,763,209)	210,348
Other Revenues, Expenses, Gains or Losses	39,036,408	14,287,656
Change in Net Position	(726,801)	14,498,004
Net Position at Beginning of Year	1,026,307,922	1,011,809,918
Net Position at End of Year	$ 1,025,581,121	$ 1,026,307,922

The Statement of Revenues, Expenses and Changes in Net Position reflects a stable year, with a slight decrease in net position at the end of the year. Some highlights of the information presented on this statement follow on the next few pages.

Revenues
For the years ended June 30, 2021 and June 30, 2020, Revenues by Source were as follows:

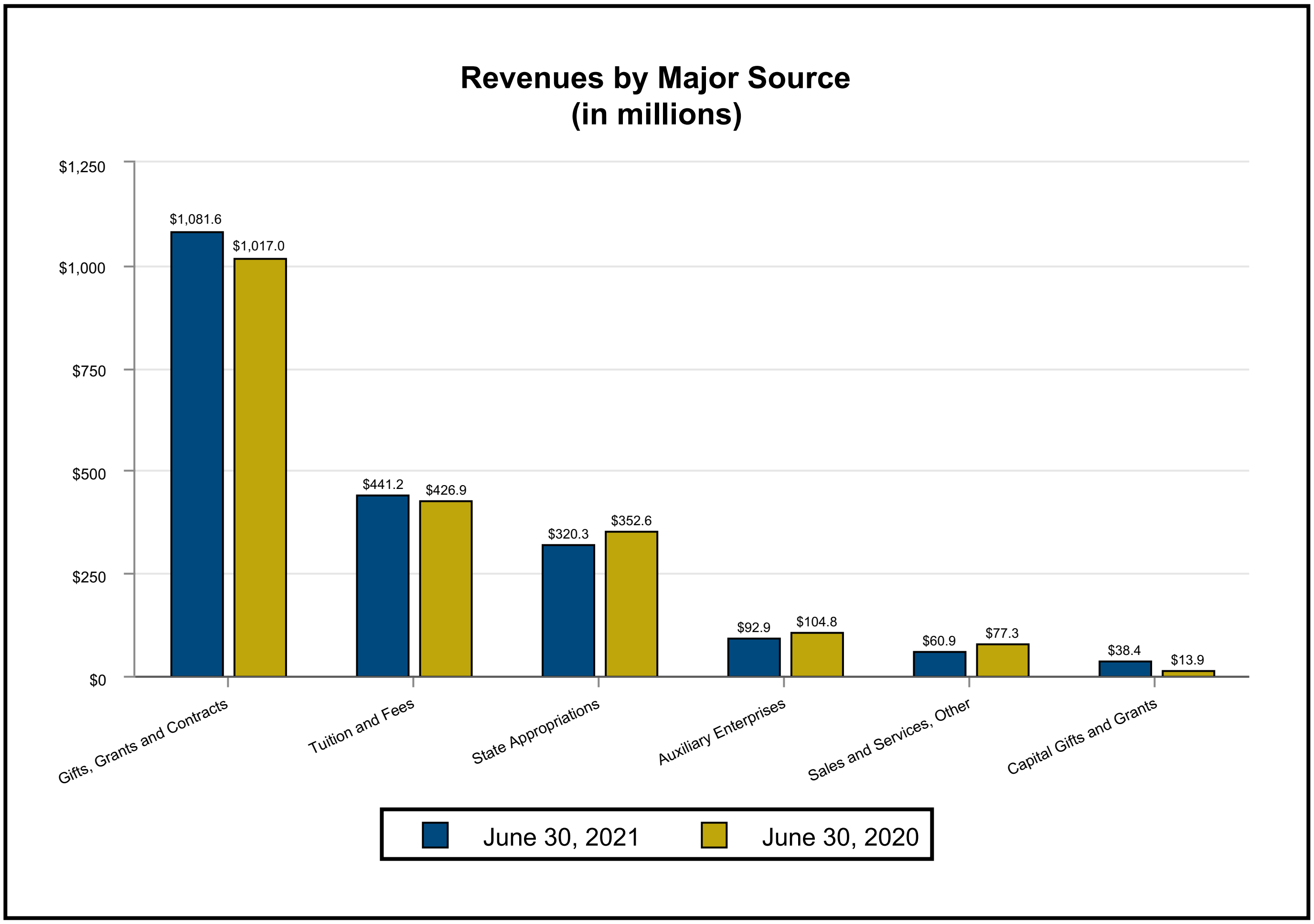
REVENUES BY SOURCE	June 30, 2021	June 30, 2020
Tuition and Fees	$ 441,233,139	$ 426,887,568
Grants and Contracts	1,060,005,398	999,395,121
Sales and Services	10,117,399	39,522,880
Auxiliary Enterprises	92,948,692	104,826,473
Other Operating Revenues	10,327,466	8,562,462
Total Operating Revenues	1,614,632,094	1,579,194,504
State Appropriations	320,345,279	352,634,527
Grants and Contracts	19,611,107	15,604,262
Gifts	2,009,754	1,961,573
Investment Income	39,858,528	28,777,713
Total Nonoperating Revenues	381,824,668	398,978,075
State Capital Gifts and Grants	35,712,319	9,603,933
Other Capital Gifts and Grants	2,689,645	4,266,891
Total Capital Gifts and Grants	38,401,964	13,870,824
Additions to Permanent and Term Endowments	634,444	416,832
Total Revenues	$ 2,035,493,170	$ 1,992,460,235

Total revenue increased by $43.0 million (2.16%) from fiscal year 2020 to fiscal year 2021. The largest driver for the increase was grants and contracts (operating and non-operating) which increased by $64.6 million. This increase represents solid performance for multi-year awards. The next categories with increases include State Capital Gifts and Grants which increased by $26.1 million, Investment Income which increased by $11.1 million, and Tuition and Fees which increased by $14.3 million.

Operating revenue increased by $35.4 million (2.24%) over the prior fiscal year. Operating Grants and Contracts increased by $60.6 million (6.06%), while Tuition and Fees increased by $14.3 million (3.36%). As stated above, the increase in Grants and Contracts represents solid performance for multi-year awards. The increase in Tuition and Fees reflects an increase in enrollment. Sales and Services and Auxiliary Enterprises revenue decreased by $41.3 million collectively, primarily due to reductions in campus operations that were implemented to prioritize the health and safety of the Georgia Tech community and limit exposure to COVID-19. Nonoperating revenue which includes categories like state appropriations, grants and contracts, gifts and investment income decreased by $17.2 million (4.30%) for fiscal year 2021.

Capital Gifts and Grants increased by $24.5 million (176.85%), mainly due to the addition of the Judge S. Price Gilbert Memorial Library.

The illustration below is a comparison of the Institute's revenue sources by major category for fiscal years ended June 30, 2021 and June 30, 2020.



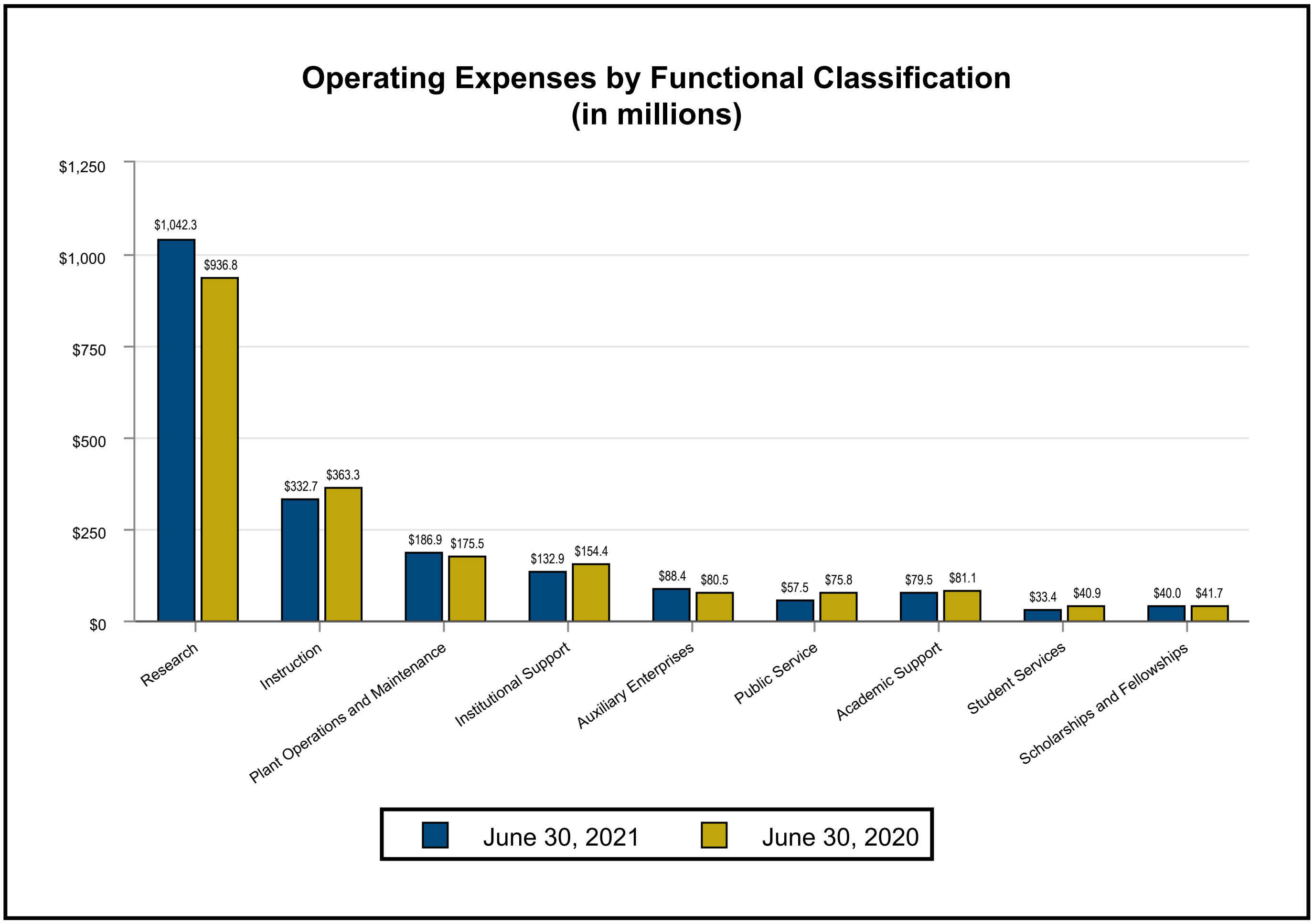
Total revenue was $2,035.5 and $1,992.5 million for fiscal year 2021 and fiscal year 2020, respectively, an increase of $43.0 million. The largest driver of this increase was revenue from Gifts, Grants and Contracts which totaled $1,081.6 million, an increase of $64.6 million over the prior year. This revenue source includes $69.0 million of direct expense reimbursements from the Georgia Tech Foundation, a decrease of $4.4 million over the prior fiscal year.

Expenses
For the years ended June 30, 2021 and June 30, 2020, expenses by functional classification were as follows:

EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2021	June 30, 2020
Instruction	$ 332,727,702	$ 363,292,440
Research	1,042,344,330	936,827,880
Public Service	57,487,376	75,796,358
Academic Support	79,502,005	81,113,403
Student Services	33,371,881	40,892,682
Institutional Support	132,854,009	154,350,515
Plant Operations and Maintenance	186,914,505	175,506,208
Scholarships and Fellowships	39,965,101	41,669,720
Auxiliary Enterprises	88,356,911	80,511,211
Total Operating Expenses	1,993,523,820	1,949,960,417
Interest Expense and Other Nonoperating Expenses	42,696,151	28,001,814
Total Nonoperating Expenses	42,696,151	28,001,814
Total Expenses	$ 2,036,219,971	$ 1,977,962,231

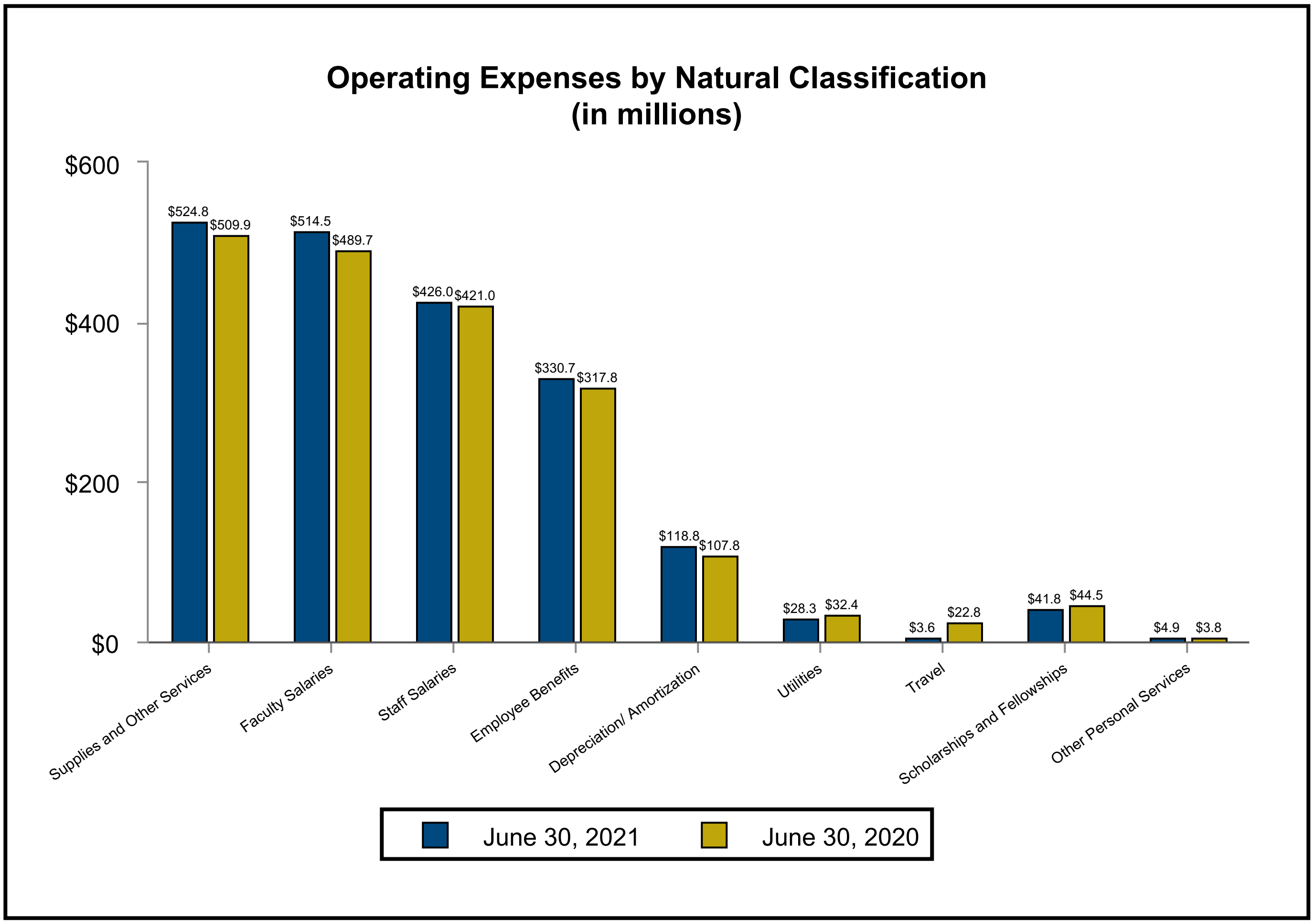
Total expenses were $2,036.2 million in fiscal year 2021, an increase of $58.3 million (2.95%) compared to the prior fiscal year. The increase in operating expense is primarily attributable to the following functional classifications: Research ($105.5 million); Plant Operations and Maintenance ($11.4 million); and Auxiliary Enterprises ($7.8 million). Nonoperating expenses increased by $14.7 million (52.48%), primarily due to adjustments, gains and losses for capital assets and financed interest for capital leases.

The illustration below is a comparison of the Institute's operating expenses by functional classification for the fiscal years ended June 30, 2021 and June 30, 2020.



Total operating expenses were $1,993.5 and $1,950.0 million for fiscal year 2021 and fiscal year 2020, respectively. This represents a $43.6 million (2.23%) increase over the previous fiscal year. Operating expenses for functional classification areas such as Research, Plant Operations and Maintenance, and Auxiliary Enterprises increased by a collective total of $124.8 million. The remaining categories decreased compared to the prior year, mainly due to reductions in campus operations that were implemented to prioritize the health and safety of the Georgia Tech community and limit exposure to COVID-19.

The illustration below is a comparison of the Institute's operating expenses by natural classification for the fiscal years ended June 30, 2021 and June 30, 2020.



The net increase in operating expenses of $43.6 million is primarily attributable to increases in natural classifications for Supplies and Other Services, Faculty Salaries, Staff Salaries, Employee Benefits, Depreciation/Amortization, and Other Personal Services of $69.7 million. This represents increases in supplies expenses of $14.9 million, largely related to overdue maintenance and repairs that were completed while campus operations were limited due to COVID-19; expenses associated with hiring of new employees; increases in the cost of benefits; and costs associated with the addition of capital assets. The remaining categories decreased in fiscal year 2021 including Travel ($19.2 million), Scholarships and Fellowships ($2.7 million), and Utilities ($4.1 million).

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity of the Institute during the year and is divided into five sections. The first section is concerned with operating cash flows and reflects the net cash used by the various operating activities of the Institute. The second section is related to cash flows from non-capital financing activities, which reflects the cash received and spent for non-capital financing purposes. The third section summarizes cash flows from capital and related financing activities and contains cash used for the acquisition and construction of capital and related items. The fourth section is comprised of the cash flows from investing activities and includes the purchases, proceeds and interest received from investing activities. The fifth, and final, section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.

Cash Flows for the Years Ended June 30, 2021 and June 30, 2020 were as follows:

CONDENSED STATEMENT OF NET CASH FLOWS	June 30, 2021	June 30, 2020
Cash Provided (Used) by:		
Net Cash Used by Operating Activities	$ (160,421,763)	$ (205,131,428)
Net Cash Provided by Non-Capital Financing Activities	343,491,078	366,036,664
Net Cash Used by Capital & Related Financing Activities	(145,409,541)	(170,649,823)
Net Cash Provided by Investing Activities	20,723,118	28,571,450
Net Change in Cash & Cash Equivalents	58,382,892	18,826,863
Cash & Cash Equivalents, Beginning of Year	381,413,528	362,586,665
Cash & Cash Equivalents, End of Year	$ 439,796,420	$ 381,413,528

Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2021 and June 30, 2020 were as follows:

CAPITAL ASSETS, net of accumulated depreciation	June 30, 2021	June 30, 2020
Land	$ 61,425,231	$ 61,425,231
Capitalized Collections	17,868,444	17,699,454
Construction Work-in-Progress	38,450,892	67,714,461
Infrastructure	90,020,412	88,319,475
Building and Building Improvements	1,617,076,240	1,583,398,560
Facilities and Other Improvements	60,658,295	45,948,181
Equipment	191,746,515	198,944,612
Library Collections	32,136,420	31,096,790
Software	38,332,904	43,675,651
Capital Assets, net of accumulated depreciation	$ 2,147,715,353	$ 2,138,222,415

The Institute had three significant capital asset additions for fiscal year 2021: Phase 1 of the Campus Center, the renovation of the Judge S. Price Gilbert Memorial Library, and the completion of the Eco-Commons Glade.

Phase 1 of the Campus Center, which was constructed through a capital lease with Georgia Tech Facilities, Inc. (a component unit) and Institute funds, was completed and recorded as a capital asset addition to Buildings in the amount of $39,947,316.

The renovation to the Judge S. Price Gilbert Memorial Library was completed with funds from the Georgia State Financing and Investment Commission (GSFIC) and Institute funds, resulting in a $32,873,680 capital asset addition to Buildings.

The Eco-Commons Glade was completed and recorded as a capital asset addition to Facilities and Other Improvements in the amount of $13,801,985.

For additional information concerning Capital Assets, see Notes 1, 6, 8, and 13 in the Notes to the Financial Statements.

Long-Term Liabilities

The Georgia Institute of Technology had Long-Term Liabilities of $581,519,539 of which $72,970,035 was reflected as a current liability at June 30, 2021.

For additional information concerning Long-Term Liabilities, see Note 8 in the Notes to the Financial Statements.

Notes to the Financial Statements

The Notes to the Financial Statements are an integral part of the basic financial statements and communicate information essential for fair presentation. For example, the notes convey information concerning significant accounting policies used to prepare the financial statements, detailed information on cash and investments, receivables, capital leases, compensated absences, retirement and other post-employment benefits, capital assets and a report of operating expenses by function.

Economic Outlook

The financial position of the Georgia Institute of Technology is strong, as evidenced by the Institute's fiscal year 2021 operating results. Due to strong state support and enrollment, Georgia Tech experienced minimal impact from the COVID-19 pandemic. As a result, management anticipates fiscal year 2022 will result in a modest increase from the prior year in terms of operating revenues and expenses and intends to continue to maintain a close watch over resources in order to respond to emerging challenges and opportunities. Key to this effort is monitoring the primary sources of revenue, especially student tuition and fees, state appropriations, and sponsored programs. Management will also continue to exercise prudent controls over capital and other reserves.

Tuition

Georgia Tech's enrollment is expected to remain stable, with a modest 0.73% enrollment increase anticipated in fiscal year 2022 for programs, exclusive of online programs. Including the online programs, the anticipated enrollment increase is roughly 7.10%. For fiscal year 2022, the Board of Regents (BOR) chose to maintain the fiscal year 2021 tuition rates for all student categories. For future years, rate increases up to and including 2.00% are anticipated and enrollment growth is expected to continue at modest levels, with the exception of the online programs. The three for-credit online programs at scale – Online Masters in Computer Science (OMSCS), Analytics (OMSA), and Cybersecurity (OMSC) will continue to experience larger relative increases. The OMS CS program has grown from a fall 2014 enrollment of 1,255 to a fall 2021 projected enrollment of 11,250. In order to maintain degree quality beyond fiscal year 2022, the Institute will likely exercise controlled growth for the OMS CS program enrollment. The OMS Analytics program launched in the fall of 2017 with an initial cohort of 250 students. For fall of 2021, 5,100 students are projected. The long-term steady state enrollment of the OMS Analytics program has not been determined. The recently approved OMS Cybersecurity program launched in the spring of 2019 with approximately 250 students. The fall 2021 estimated enrollment for that program is conservatively estimated at 735 due to a higher drop rate than anticipated and greater competition in that market space.

State Appropriations

The University System of Georgia (USG) operates under a funding formula that provides the Governor and General Assembly a basis for new system funding. Georgia Tech's state appropriations were reduced in the fiscal year 2021 original budget by 8.70% primarily due to a projected state revenue decline because of the COVID-19 pandemic. As the year progressed, the projected impact of the pandemic to state revenues did not materialize; therefore, Georgia Tech received the fiscal year 2021 formula earnings as one-time funds in the amended budget. The state approved full funding of the fiscal year 2021 and 2022 formula generated earnings in the fiscal year 2022 original budget, resulting in a 17.33% increase over the fiscal year 2021 original budget. Allocations to Georgia Tech and other individual USG institutions are determined by the BOR's allocation strategy, which considers the enrollment of system schools. When approving the state allocations, the USG took into account the growth experienced at Georgia Tech. Should state formula funding be available in fiscal year 2023, Georgia Tech expects to see continued positive growth in state appropriations.

The state earmarks funds for the Georgia Tech Research Institute (GTRI) and Enterprise Innovation Institute (EI2) and increased both budgets in fiscal year 2022 by 5.65% and 20.98%, respectively.

Sponsored Funding

In fiscal year 2021, Georgia Tech continued to manage during a full year of the COVID-19 pandemic with minimal negative impact to sponsored operations. This was due to the Institute's significant diversification across Federal and non-Federal funding sources, along with our ability to continue fully conducting research during the pandemic.

The Institute received a record $1.20 billion in new sponsored awards during the fiscal year, representing an increase of 12.41% over the previous year and the highest total on record. Direct and indirect sponsored expenditures exceeded $1.08 billion for the fiscal year, an increase of 6.37% over the previous year. Georgia Tech anticipates that sponsored activity will remain strong in fiscal year 2022, as we continue to focus on growing and emerging research areas of interest and value to all of our sponsors.

<u>Reserves</u>
As permitted under state law, Georgia Tech has succeeded in carrying over a portion of its indirect cost revenue for over 10 years and up to 3.00% of tuition revenue for two years, including fiscal year 2021. These funds are earmarked for capital reserves, faculty start-up, deferred maintenance, and other funding priorities in succeeding years.

<u>Auxiliary Enterprises</u>
Georgia Tech's Auxiliary Enterprises were impacted by the COVID-19 pandemic due to fewer students matriculating on campus. In fiscal year 2021, federal assistance from the Higher Education Emergency Relief Funds (HEERF II) restored lost revenue related to spring 2020 Housing refunds, which were not previously covered by the CARES Act in fiscal year 2020, and a portion of the fiscal year 2021 lost revenue in dining, bookstore, and parking operations.

Due to this additional support, Georgia Tech's Auxiliary Enterprises maintained solid reserves necessary to cover required capital improvements anticipated for future years. Auxiliary programs are principally funded through mandatory student fees for such services as transportation, student activities, and student health, and elective fees for housing, parking, dining, and other service areas. From Auxiliary reserves, the Institute was able to fund fiscal year 2021 cost increases for all areas. All areas were able to maintain their levels of service, despite directives to minimize or avoid fee increases.

Ángel Cabrera, President
Georgia Institute of Technology

Kelly Fox, Executive Vice President
Georgia Institute of Technology

Financial Statements

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF NET POSITION
JUNE 30, 2021

	Georgia Institute of Technology	Component Units
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 218,530,132	$ 217,401,399
Cash and Cash Equivalents (Externally Restricted)	221,094,803	25,258,926
Accounts Receivable, net		
Federal Financial Assistance	13,659,390	—
Affiliated Organizations	3,309,606	288,441
Component Units	117,553,990	—
Primary Government	—	2,914,400
Pledges and Contributions	—	26,510,034
Other	26,735,776	228,605,202
Notes Receivable, net	—	828,000
Investment in Capital Leases - Primary Government	—	20,880,008
Investment in Capital Leases - Other	—	261,155
Inventories	1,670,575	—
Prepaid Items	25,251,003	3,073,000
Other Assets	—	4,033,693
Total Current Assets	627,805,275	530,054,258
Non-Current Assets		
Accounts Receivable, net		
Affiliated Organizations	—	115,000
Due From USO - Capital Liability Reserve Fund	2,762,562	—
Pledges and Contributions	—	56,826,673
Other	—	17,140,000
Investments	—	432,323,063
Notes Receivable, net	9,603,492	—
Investment in Capital Leases - Primary Government	—	385,882,661
Investment in Capital Leases - Other	—	24,377,210
Other Assets	—	40,624,429
Non-current Cash (Externally Restricted)	171,485	49,623,140
Short-term Investments (Externally Restricted)	—	5,462,252
Investments (Externally Restricted)	104,210,568	2,198,439,519
Capital Assets, net	2,147,715,353	479,656,077
Total Non-Current Assets	2,264,463,460	3,690,470,024
TOTAL ASSETS	2,892,268,735	4,220,524,282
DEFERRED OUTFLOWS OF RESOURCES	$ 349,555,202	$ 11,697,813

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

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF NET POSITION
JUNE 30, 2021

	Georgia Institute of Technology	Component Units
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 68,451,035	$ 23,978,936
Salaries Payable	3,438,682	—
Benefits Payable	1,376,208	—
Contracts Payable	5,461,795	—
Retainage Payable	1,123,563	3,099,503
Due to Affiliated Organizations	101,293	—
Due to Component Units	2,914,400	—
Due to Primary Government	—	117,553,990
Advances (Including Tuition and Fees)	24,991,506	106,293,715
Deposits	3,489,363	13,233,543
Deposits Held for Other Organizations	—	71,948,403
Other Liabilities	19,304	2,426,407
Notes and Loans Payable	1,737,535	32,414,285
Lease Purchase Obligations - External	5,659,491	3,142,894
Lease Purchase Obligations - Component Units	20,880,008	—
Revenue Bonds and Notes Payable	—	27,590,000
Liabilities Under Split Interest Agreements	—	1,971,000
Pollution Remediation	469,409	—
Claims and Judgments	—	250,000
Compensated Absences	44,223,592	542,000
Total Current Liabilities	184,337,184	404,444,676
Non-Current Liabilities		
Due to Affiliated Organizations	—	1,838,000
Advances (Including Tuition and Fees)	14,688,626	12,155,725
Other Liabilities	—	27,230,863
Notes and Loans Payable	7,105,597	85,199,055
Lease Purchase Obligations - External	87,250,898	49,040,438
Lease Purchase Obligations - Component Units	385,882,661	—
Revenue Bonds and Notes Payable	—	846,739,332
Liabilities Under Split Interest Agreements	—	22,645,000
Claims and Judgments	—	119,676
Compensated Absences	28,310,348	—
Net Other Post-employment Benefits Liability	828,750,259	—
Net Pension Liability	611,994,584	—
Total Non-Current Liabilities	1,963,982,973	1,044,968,089
TOTAL LIABILITIES	2,148,320,157	1,449,412,765
DEFERRED INFLOWS OF RESOURCES	67,922,659	—
NET POSITION		
Net Investment in Capital Assets	1,630,363,098	(15,167,712)
Restricted for:		
Nonexpendable	88,122,222	1,965,708,600
Expendable	29,065,379	359,581,872
Unrestricted (Deficit)	(721,969,578)	472,686,570
TOTAL NET POSITION	$ 1,025,581,121	$ 2,782,809,330

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

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2021

	Georgia Institute of Technology	Component Units
OPERATING REVENUES		
Student Tuition and Fees (net)	$ 441,233,139	$ —
Grants and Contracts		
Federal	816,499,777	878,458,221
State	20,654,351	21,719,921
Other	222,851,270	68,614,010
Sales and Services	10,117,399	57,681,389
Rents and Royalties	889,397	80,051,598
Auxiliary Enterprises		
Residence Halls	60,057,872	—
Bookstore	1,617,028	—
Food Services	4,163,428	—
Parking/Transportation	14,596,650	—
Health Services	10,577,238	—
Other Organizations	1,936,476	—
Gifts and Contributions	—	69,515,913
Endowment Income	—	64,593,000
Other Operating Revenues	9,438,069	7,272,477
Total Operating Revenues	1,614,632,094	1,247,906,529
OPERATING EXPENSES		
Faculty Salaries	514,513,172	—
Staff Salaries	426,021,937	27,415,348
Employee Benefits	330,739,363	6,492,991
Other Personal Services	4,917,210	94,000
Travel	3,599,251	4,270,911
Scholarships and Fellowships	41,824,693	11,621,928
Utilities	28,331,187	1,605,853
Supplies and Other Services	524,817,821	1,111,606,487
Depreciation	118,759,186	15,714,051
Total Operating Expenses	1,993,523,820	1,178,821,569
Operating Income (Loss)	$ (378,891,726)	$ 69,084,960

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

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2021

	Georgia Institute of Technology	Component Units
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	$ 320,345,279	$ —
Grants and Contracts		
Federal	19,611,107	—
Gifts	2,009,754	—
Investment Income	39,858,528	661,700,430
Interest Expense	(25,029,882)	(40,185,635)
Other Nonoperating Revenues (Expenses)	(17,666,269)	5,663,029
Net Nonoperating Revenues (Expenses)	339,128,517	627,177,824
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	(39,763,209)	696,262,784
Capital Grants and Gifts		
State	35,712,319	—
Other	2,689,645	4,807,996
Additions to Permanent and Term Endowments	634,444	47,847,214
Total Other Revenues, Expenses, Gains or Losses	39,036,408	52,655,210
Change in Net Position	(726,801)	748,917,994
Net Position, Beginning of Year	1,026,307,922	2,033,891,336
Net Position, End of Year	$ 1,025,581,121	$ 2,782,809,330

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

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2021

	Georgia Institute of Technology
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	$ 557,512,509
Grants and Contracts (Exchange)	1,064,406,182
Payments to Suppliers	(805,022,809)
Payments to Employees	(936,100,737)
Payments for Scholarships and Fellowships	(41,824,693)
Loans Issued to Students	(6,132,958)
Collection of Loans from Students	6,740,743
Net Cash Used by Operating Activities	(160,421,763)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	320,345,279
Gifts and Grants Received for Other Than Capital Purposes	23,178,077
Other Non-Capital Financing Payments	(32,278)
Net Cash Flows Provided by Non-Capital Financing Activities	343,491,078
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	8,535,462
Proceeds from Sale of Capital Assets	11,644,402
Purchases of Capital Assets	(97,442,420)
Principal Paid on Capital Debt and Leases	(43,221,966)
Interest Paid on Capital Debt and Leases	(24,925,019)
Net Cash Used by Capital and Related Financing Activities	(145,409,541)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	20,723,118
Net Cash Provided by Investing Activities	20,723,118
Net Increase in Cash and Cash Equivalents	58,382,892
Cash and Cash Equivalents, Beginning of Year	381,413,528
Cash and Cash Equivalents, End of Year	$ 439,796,420

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

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2021

		Georgia Institute of Technology
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating Loss	$	(378,891,726)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities		
Depreciation		118,759,186
Change in Assets and Liabilities:		
Receivables, net		(9,574,063)
Inventories		6,574
Prepaid Items		(1,702,389)
Notes Receivable, Net		607,785
Accounts Payable		832,453
Salaries Payable		(2,071,074)
Benefits Payable		(1,301,643)
Deposits		1,758,127
Advances (Including Tuition and Fees)		10,454,128
Other Liabilities		14,408
Compensated Absences		10,104,697
Due to Component Units/Affiliated Organizations		(692,621)
Pollution Remediation		(121,506)
Net Pension Liability		76,789,663
Net Other Post-Employment Benefit Liability		142,422,166
Change in Deferred Inflows/Outflows of Resources:		
Deferred Inflows of Resources		(26,925,823)
Deferred Outflows of Resources		(100,890,105)
Net Cash Used by Operating Activities	$	(160,421,763)

NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS		
Capital Financing Activities Noncash Items:		
Current Year Accruals Related to Capital Financing Activities	$	877,506
Gift of Capital Assets	$	31,324,840
Gain (Loss) on Disposal of Capital Assets	$	(29,858,885)
Accrual of Capital Asset Related Payables	$	8,836,065
Capital Assets Acquired Through Prepaid Capital	$	695,818
Capital Assets Acquired by Incurring Capital Lease Obligations	$	31,558,753
Accrual of Capital Financing Interest Payable	$	1,292,078
Other Capital Financing Activities Noncash Items	$	(585,875)
Unrealized Gain (Loss) on Investments	$	19,135,410

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

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	Custodial Funds
ASSETS	
Receivables	
Other	$ 7,524,899
Total Assets	7,524,899
LIABILITIES	
Cash Overdraft	5,910,267
Total Liabilities	5,910,267
NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	$ 1,614,632

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

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2021

		Custodial Funds
ADDITIONS		
Federal Financial Aid	$	69,965,596
State Financial Aid		84,093,678
Other Financial Aid		20,006,786
Clubs and Other Organizations Fund Raising		460,771
Total Additions		174,526,831
DEDUCTIONS		
Scholarships and Other Student Support		174,032,229
Student Organizations Support		117,691
Total Deductions		174,149,920
Net Increase (Decrease) in Fiduciary Net Position		376,911
Net Position, Beginning of Year		1,237,721
Net Position, End of Year	$	1,614,632

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

GEORGIA INSTITUTE OF TECHNOLOGY
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2021

	Georgia Tech Foundation, Inc.	Georgia Tech Facilities, Inc.	Georgia Tech Research Corporation	Georgia Tech Athletic Association	Georgia Advanced Technology Ventures, Inc.	Elimination/ Consolidation Entries	Total
ASSETS							
Current Assets							
Cash and Cash Equivalents	$ 20,158,000	$ 10,382,497	$ 160,176,152	$ 5,657,381	$ 21,027,369	$ —	$ 217,401,399
Cash and Cash Equivalents (Externally Restricted)	13,583,000	10,208,042	—	—	1,467,884	—	25,258,926
Accounts Receivable, net							
Affiliated Organizations	17,853	—	270,388	200	—	—	288,441
Component Units	—	655,000	1,692,109	—	—	(2,347,109)	—
Primary Government	2,914,400	—	—	—	—	—	2,914,400
Pledges and Contributions	22,607,000	—	—	3,877,200	25,834	—	26,510,034
Other	16,428,000	(152)	199,425,010	12,633,726	118,618	—	228,605,202
Notes Receivable, net	828,000	—	—	—	—	—	828,000
Investment in Capital Leases - Primary Government	10,351,000	11,212,932	—	—	1,448,276	(2,132,200)	20,880,008
Investment in Capital Leases - Other	—	—	436,131	—	(174,976)	—	261,155
Prepaid Items	—	230,322	1,088,088	1,616,257	138,333	—	3,073,000
Other Assets	1,971,000	—	—	—	2,062,693	—	4,033,693
Total Current Assets	88,858,253	32,688,641	363,087,878	23,784,764	26,114,031	(4,479,309)	530,054,258
Non-Current Assets							
Accounts Receivable, net							
Affiliated Organizations	—	—	115,000	—	—	—	115,000
Component Units	—	4,180,000	—	—	—	(4,180,000)	—
Pledges and Contributions	48,781,000	—	—	7,521,228	524,445	—	56,826,673
Other	17,140,000	—	—	—	—	—	17,140,000
Investments	601,431,000	—	63	—	—	(169,108,000)	432,323,063
Investment in Capital Leases - Primary Government	96,445,000	238,620,676	—	—	60,417,183	(9,600,198)	385,882,661
Investment in Capital Leases - Other	—	—	2,076,420	—	22,300,790	—	24,377,210
Other Assets	26,438,978	2,906,250	—	646,442	10,632,759	—	40,624,429
Non-current Cash (Externally Restricted)	—	49,622,932	—	—	208	—	49,623,140
Short-term Investments (Externally Restricted)	—	—	—	5,462,252	—	—	5,462,252
Investments (Externally Restricted)	2,029,331,000	—	—	169,108,519	—	—	2,198,439,519
Capital Assets, net	151,988,000	61,902,545	748,407	178,810,878	86,206,247	—	479,656,077
Total Non-Current Assets	2,971,554,978	357,232,403	2,939,890	361,549,319	180,081,632	(182,888,198)	3,690,470,024
TOTAL ASSETS	3,060,413,231	389,921,044	366,027,768	385,334,083	206,195,663	(187,367,507)	4,220,524,282
DEFERRED OUTFLOWS OF RESOURCES	$ —	$ —	$ —	$ 11,697,813	$ —	$ —	$ 11,697,813

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

GEORGIA INSTITUTE OF TECHNOLOGY
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2021

	Georgia Tech Foundation, Inc.	Georgia Tech Facilities, Inc.	Georgia Tech Research Corporation	Georgia Tech Athletic Association	Georgia Advanced Technology Ventures, Inc.	Elimination/ Consolidation Entries	Total
LIABILITIES							
Current Liabilities							
Accounts Payable	$ 9,807,967	$ 5,284,202	$ —	$ 5,848,816	$ 3,037,951	$ —	$ 23,978,936
Retainage Payable	—	2,422,091	—	—	677,412	—	3,099,503
Due to Component Units	655,000	—	1,692,109	—	—	(2,347,109)	—
Due to Primary Government	5,309,033	—	99,060,730	13,184,227	—	—	117,553,990
Advances (Including Tuition and Fees)	14,355,000	1,233,304	87,503,570	542,091	2,659,750	—	106,293,715
Deposits	216,000	—	—	12,855,357	162,186	—	13,233,543
Deposits Held for Other Organizations	—	—	71,948,403	—	—	—	71,948,403
Other Liabilities	—	—	—	—	2,426,407	—	2,426,407
Notes and Loans Payable	17,586,000	—	—	14,513,019	315,266	—	32,414,285
Lease Purchase Obligations - External	—	—	457,460	362,991	2,322,443	—	3,142,894
Revenue Bonds & Notes Payable	13,980,000	11,085,000	—	1,395,000	1,130,000	—	27,590,000
Liabilities Under Split Interest Agreements	1,971,000	—	—	—	—	—	1,971,000
Claims and Judgments	—	—	—	250,000	—	—	250,000
Compensated Absences	542,000	—	—	—	—	—	542,000
Total Current Liabilities	64,422,000	20,024,597	260,662,272	48,951,501	12,731,415	(2,347,109)	404,444,676
Non-Current Liabilities							
Due to Affiliated Organizations	1,838,000	—	—	—	—	—	1,838,000
Due to Component Units	173,288,000	—	—	—	—	(173,288,000)	—
Advances (Including Tuition and Fees)	—	8,280,242	—	—	3,875,483	—	12,155,725
Other Liabilities	14,108,231	—	—	—	13,122,632	—	27,230,863
Notes and Loans Payable	69,225,000	—	—	10,247,792	5,726,263	—	85,199,055
Lease Purchase Obligations - External	—	—	2,055,091	505,584	46,479,763	—	49,040,438
Revenue Bonds & Notes Payable	227,964,000	319,085,867	—	241,763,167	57,926,298	—	846,739,332
Liabilities Under Split Interest Agreements	22,645,000	—	—	—	—	—	22,645,000
Claims and Judgments	—	—	—	119,676	—	—	119,676
Total Non-Current Liabilities	509,068,231	327,366,109	2,055,091	252,636,219	127,130,439	(173,288,000)	1,044,968,089
TOTAL LIABILITIES	573,490,231	347,390,706	262,717,363	301,587,720	139,861,854	(175,635,109)	1,449,412,765
NET POSITION							
Net Investment in Capital Assets	(3,666,000)	20,745,017	748,407	(62,072,486)	29,077,350	—	(15,167,712)
Restricted for:							
Nonexpendable	1,897,259,000	—	—	68,449,600	—	—	1,965,708,600
Expendable	237,813,000	5,375,842	434,559	108,888,618	7,069,853	—	359,581,872
Unrestricted	355,517,000	16,409,479	102,127,439	(19,821,556)	30,186,606	(11,732,398)	472,686,570
TOTAL NET POSITION	$2,486,923,000	$ 42,530,338	$ 103,310,405	$ 95,444,176	$ 66,333,809	$ (11,732,398)	$2,782,809,330

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

GEORGIA INSTITUTE OF TECHNOLOGY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
COMPONENT UNITS
FOR FISCAL YEAR ENDED JUNE 30, 2021

	Georgia Tech Foundation, Inc.	Georgia Tech Facilities, Inc.	Georgia Tech Research Corporation	Georgia Tech Athletic Association	Georgia Advanced Technology Ventures, Inc.	Elimination/ Consolidation Entries	Total
OPERATING REVENUES							
Grants and Contracts							
Federal	$ —	$ —	$ 878,458,221	$ —	$ —	$ —	$ 878,458,221
State	—	—	21,719,921	—	—	—	21,719,921
Other	—	—	68,588,653	—	25,357	—	68,614,010
Sales and Services	10,000	409,169	—	57,096,351	165,869	—	57,681,389
Rents and Royalties	22,585,000	14,017,069	24,402,771	2,270,318	14,492,638	2,283,802	80,051,598
Gifts and Contributions	58,091,000	—	527,000	9,466,363	1,431,550	—	69,515,913
Endowment Income	64,593,000	—	—	—	—	—	64,593,000
Other Operating Revenues	—	—	6,615,262	—	657,215	—	7,272,477
Total Operating Revenues	145,279,000	14,426,238	1,000,311,828	68,833,032	16,772,629	2,283,802	1,247,906,529
OPERATING EXPENSES							
Staff Salaries	3,183,000	—	—	23,839,120	393,228	—	27,415,348
Employee Benefits	772,000	—	—	5,720,991	—	—	6,492,991
Other Personal Services	94,000	—	—	—	—	—	94,000
Travel	38,000	—	—	4,232,911	—	—	4,270,911
Scholarships and Fellowships	—	—	—	11,621,928	—	—	11,621,928
Utilities	1,363,000	193,750	—	—	49,103	—	1,605,853
Supplies and Other Services	98,264,000	3,278,681	979,828,041	21,678,800	8,556,965	—	1,111,606,487
Depreciation	3,635,000	1,157,668	151,145	8,393,590	2,376,648	—	15,714,051
Total Operating Expenses	107,349,000	4,630,099	979,979,186	75,487,340	11,375,944	—	1,178,821,569
Operating Income (Loss)	$ 37,930,000	$ 9,796,139	$ 20,332,642	$ (6,654,308)	$ 5,396,685	$ 2,283,802	$ 69,084,960

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

GEORGIA INSTITUTE OF TECHNOLOGY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
COMPONENT UNITS
FOR FISCAL YEAR ENDED JUNE 30, 2021

	Georgia Tech Foundation, Inc.	Georgia Tech Facilities, Inc.	Georgia Tech Research Corporation	Georgia Tech Athletic Association	Georgia Advanced Technology Ventures, Inc.	Elimination/ Consolidation Entries	Total
NONOPERATING REVENUES (EXPENSES)							
Investment Income	$ 617,275,000	$ 77,811	$ 404,409	$ 43,912,150	$ 31,060	$ —	$ 661,700,430
Interest Expense	(12,211,000)	(9,702,404)	—	(13,082,737)	(5,189,494)	—	(40,185,635)
Other Nonoperating Revenues (Expenses)	—	631,056	—	—	5,031,973	—	5,663,029
Net Nonoperating Revenues	605,064,000	(8,993,537)	404,409	30,829,413	(126,461)	—	627,177,824
Income Before Other Revenues, Expenses, Gains, or Losses	642,994,000	802,602	20,737,051	24,175,105	5,270,224	2,283,802	696,262,784
Capital Grants and Gifts							
Other	—	—	—	4,807,996	—	—	4,807,996
Additions to Permanent and Term Endowments	42,624,000	—	—	5,223,214	—	—	47,847,214
Total Other Revenues, Expenses, Gains or Losses	42,624,000	—	—	10,031,210	—	—	52,655,210
Change in Net Position	685,618,000	802,602	20,737,051	34,206,315	5,270,224	2,283,802	748,917,994
Net Position, Beginning of Year	1,801,305,000	41,727,736	82,573,354	61,237,861	61,063,585	(14,016,200)	2,033,891,336
Net Position, End of Year	$2,486,923,000	$ 42,530,338	$103,310,405	$ 95,444,176	$ 66,333,809	$ (11,732,398)	$2,782,809,330

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

Notes to the Financial Statements

GEORGIA INSTITUTE OF TECHNOLOGY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1 Summary of Significant Accounting Policies

Nature of Operations

The Georgia Institute of Technology (Georgia Tech or the Institute) serves the state and national communities by providing its students with academic instruction that advances fundamental knowledge and by disseminating knowledge to the people of Georgia, the nation, and throughout the world.

Reporting Entity

As defined by Official Code of Georgia Annotated (O.C.G.A) § 20-3-50, the Institute is part of the University System of Georgia (USG), an organizational unit of the State of Georgia (the State) under the governance of the Board of Regents (Board). The Board has constitutional authority to govern, control and manage the USG. The Board is composed of 19 members, one member from each congressional district in the State and five additional members from the state-at-large, appointed by the Governor and confirmed by the Senate. Members of the Board serve a seven year term and members may be reappointed to subsequent terms by a sitting governor.

The Institute does not have the right to sue/be sued without recourse to the State. The Institute's property is the property of the State and subject to all the limitations and restrictions imposed upon other property of the State by the Constitution and laws of the State. In addition, the Institute is not legally separate from the State. Accordingly, the Institute is included within the State's basic financial statements as part of the primary government as defined in section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards.

The accompanying basic financial statements are intended to supplement the State of Georiga's Annual Comprehensive Financial Report (ACFR) by presenting the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the Institute. In addition, certain discretely presented component units of the State, as discussed below, have been included since they have been determined to be essential to the fair presentation to these departmental financial statements. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 2021, the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying basic financial statements should be read in conjunction with the State's ACFR. The most recent State of Georgia ACFR can be obtained through the State Accounting Office, 200 Piedmont Avenue, Suite 1604 (West Tower), Atlanta, Georgia 30334 or online at https://sao.georgia.gov/statewide-reporting/acfr.

Discretely Presented Component Units

The organizations listed below are legally separate, tax-exempt component units of the State of Georgia. Although the State (primary government) is not fiscally accountable for these entities, it has been determined that the nature and significance of the relationship between the primary government and the below organizations is such that exclusion from these departmental financial statements would render them misleading. These organizations met the requirements for discrete presentation as defined by GASB Codification Sections 2100 and 2600. Each organization's fiscal year ends on June 30. Separately issued financial statements are available as indicated below.

- Georgia Advanced Technology Ventures Inc. - 221 Uncle Heinie Way, Lyman Hall Suite 325, Atlanta, GA, 30332-0257 or found at http://gatv.gatech.edu/financial-statements.
- Georgia Tech Athletic Association - 150 Bobby Dodd Way, NW, Atlanta, GA 30332-0455 or found at http://fin-services.gatech.edu/affiliated-organization-financial-statements.
- Georgia Tech Facilities Inc. - 221 Uncle Heinie Way, NW, Lyman Hall Suite 325, Atlanta GA 30332-0257 or found at http://gtfi.gatech.edu/financial-statements.
- Georgia Tech Foundation Inc. - 760 Spring Street, NW, Suite 400, Atlanta, GA 30308 or found at http://www.gtf.gatech.edu/financial-statements.

- Georgia Tech Research Corporation - 926 Dalney Street NW, Atlanta, GA 30332-0415 or found at http://gtrc.gatech.edu/gtrc/documents/financial-information.

See Note 20, Component Units, for additional information related to discretely presented component units.

Basis of Accounting and Financial Statement Presentation

The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the GASB and are presented as required by these standards to provide a comprehensive, entity-wide perspective of the Institute's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position and cash flows.

The Institute's business-type activities and fiduciary fund financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenues in the fiscal year in which eligibility requirements imposed by the provider have been met. All significant intra-fund transactions have been eliminated.

The Institute reports the following fiduciary fund:

Custodial Funds - Accounts for activities resulting from the Institute acting as an agent or fiduciary for various governments, companies, clubs or individuals.

New Accounting Pronouncements

In August 2018, the GASB issued Statement No. 90, Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61, effective for fiscal years beginning after December 15, 2018. In fiscal year 2020, the Institute adopted GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance which postponed the effective date of Statement No. 90 to fiscal year 2021. This statement addresses owning or acquiring a majority of the equity interest in a legally separate organization. The adoption of this statement does not have a significant impact on the Institute's financial statements.

Cash and Cash Equivalents

Cash and Cash Equivalents consist of petty cash, demand deposits and time deposits in authorized financial institutions, and cash management pools that have the general characteristics of demand deposit accounts. This includes the State Investment Pool (Georgia Fund 1) and the Board of Regents Short-Term Investment Pool. Cash and Cash Equivalents that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Cash and Cash Equivalents restricted as to use by a third party are reported as externally restricted.

Investments

Investments include financial instruments with terms in excess of 13 months, certain other securities for the production of revenue, land, and other real estate held as investments by endowments. The Institute accounts for its investments at fair value. Changes in the fair value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. The Board of Regents Diversified Fund and Legal Fund are included in investments. Investments that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Investments restricted as to use by a third party are reported as externally restricted.

Accounts Receivable

Accounts receivable consists of tuition and fees charged to students and auxiliary enterprise services provided to students, faculty and staff, the majority of whom reside in the State of Georgia. Accounts receivable also includes amounts due from federal, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the Institute's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories

Consumable supplies are recorded on the consumption method and are valued at cost on the Statement of Net Position using the average-cost basis. Resale inventories are also valued at cost using the average-cost basis.

Prepaid Items
Payments made to vendors and state and local government organizations for services that will benefit periods beyond June 30, 2021 are recorded as prepaid items.

Capital Assets
Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the Institute's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year. Improvements to buildings, infrastructure, facilities and other improvements, and land that exceed $100,000 and/or significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation, which also includes amortization of intangible assets such as water, timber and mineral rights, easements, patents, trademarks, and copyrights, as well as software, is computed using the straight-line method over the estimated useful life of the asset, generally 40 to 50 years for buildings, 25 years for infrastructure, 20 years for facilities and other improvements, 10 years for library collections, 5 to 10 years for equipment and 3 to 10 years for software assets. Non-research buildings are generally depreciated over 40 to 50 years as indicated above. Research buildings are depreciated by building component such as elevators, general structure, heating, ventilation and air conditioning, roof, etc. The useful life of these components is generally between 20 and 50 years. Residual values will generally be 10% of historical costs for infrastructure, buildings and building improvements, facilities and other improvements and intangible assets.

To fully understand plant additions in the Institute, it is necessary to look at the activities of the Georgia State Financing and Investment Commission (GSFIC) - an organization that is external to the USG. GSFIC issues bonds for and on behalf of the State of Georgia, pursuant to powers granted to it in the Constitution of the State of Georgia and the Act creating the GSFIC. The bonds so issued constitute direct and general obligations of the State of Georgia, to the payment of which the full faith, credit and taxing power of the State are pledged.

For projects managed by GSFIC, GSFIC retains construction in progress in its accounting records throughout the construction period and transfers the entire project to the institutional unit of the USG when complete. For projects managed by institutions of the USG, the institutions retain construction in progress on their books and are reimbursed by GSFIC.

Capital Liability Reserve Fund
The Capital Liability Reserve Fund (Fund) was established by the Board of Regents to protect the fiscal integrity of the USG to maintain the strongest possible credit ratings associated with Public Private Venture (PPV) projects and to ensure that the Board of Regents can effectively support its long-term capital lease obligations. All USG institutions participating in the PPV program finance the Fund. The Fund serves as a pooled reserve that is managed by the Board of Regents. The Fund shall only be used to address significant shortfalls and only insofar as a requesting USG institution is unable to make the required PPV capital lease payment to the designated affiliated organization. The Fund will continue as long as the Board of Regents has rental obligations under the PPV program and at the conclusion of the program, funds will be returned to each institution. The balance included on the Institute's Statement of Net Position as Due from USO - Capital Liability Reserve Fund represents the Institute's contribution to the Fund.

Deferred Outflows of Resources
Deferred outflows of resources consist of the consumption of net position that is applicable to a future reporting period.

Deposits
Deposits represent good faith deposits from students to reserve housing assignments, meal plans or other auxiliary services.

Advances
Advances include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Advances also include amounts received from grant and contract sponsors that have not yet been earned.

Pollution Remediation Obligations
Pollution remediation obligations are recorded when the Institute knows that a site is polluted and one or more obligating events have occurred. The amount recorded is an estimate of the current value of potential outlays for cleanup, calculated using the “expected cash flows” measurement technique.

Compensated Absences
Employee vacation pay is accrued at the end of the fiscal year for financial statement purposes. The liability and expense incurred are recorded at the end of the fiscal year as compensated absences in the Statement of Net Position, and as a component of compensation and benefit expense in the Statements of Revenues, Expenses, and Changes in Net Position.

Non-current Liabilities
Non-current liabilities include: (1) liabilities that will not be paid within the next fiscal year; (2) capital lease obligations with contractual maturities greater than one year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as non-current assets.

Deferred Inflows of Resources
Deferred inflows of resources consist of the acquisition of net position that is applicable to a future reporting period.

Other Post-Employment Benefit (OPEB) and Net OPEB Liability
The net OPEB liability represents the Institute's proportionate share of the difference between the total OPEB liability and the fiduciary net position or the fair value of the plan assets as of a given measurement date.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Board of Regents Retiree Health Benefit Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Pensions and Net Pension Liability
The net pension liability represents the Institute's proportionate share of the difference between the total pension liability as a result of the exchange for employee services for compensation and the fiduciary net position or the fair value of the plan assets as of a given measurement date.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense; information about the pension plans' fiduciary net position and additions to/deductions from the plans fiduciary net position have been determined on the same basis as they are reported by Teachers Retirement System of Georgia and Employees’ Retirement System of Georgia. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position
The Institute’s net position is classified as follows:

Net investment in capital assets represents the Institute’s total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. The term “debt obligations” as used in this definition does not include debt of the GSFIC as discussed previously in Note 1 - Capital Assets section.

Restricted - nonexpendable net position includes endowments and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. For institution-controlled, donor-restricted endowments, the by-laws of the Board of Regents of the University System of Georgia permits each individual institution to use prudent judgment in the spending of current realized and unrealized endowment appreciation. Donor-restricted endowment appreciation is periodically transferred to restricted - expendable accounts for expenditure as specified by the purpose of the endowment. The Institute maintains pertinent information related to each endowment fund including donor; amount and date of donation; restrictions by the source of limitations; limitations on investments, etc.

Restricted - expendable net position includes resources in which the Institute is legally or contractually obligated to spend resources in accordance with restrictions by external third parties.

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the Institute, and may be used at the discretion of the governing board or management to meet current expenses for those purposes, except for unexpended state appropriations (surplus). Unexpended state appropriations must be refunded to the Office of the State Treasurer. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Institute's policy is to first apply the expense towards unrestricted resources, and then towards restricted resources.

Income Taxes
The Institute, as a political subdivision of the State of Georgia, is excluded from federal income taxes under Section 115(1) of the Internal Revenue Code, as amended.

Classification of Revenues and Expenses
The Statement of Revenues, Expenses and Changes in Net Position classifies fiscal year activity as operating and nonoperating according to the following criteria:

- Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) certain federal, state and local grants and contracts, and (3) sales and services.
- Nonoperating revenue includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenue by GASB Statements No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting,* and No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* such as state appropriations and investment income.
- Operating expense includes activities that have the characteristics of exchange transactions.
- Nonoperating expense includes activities that have the characteristics of non-exchange transactions, such as capital financing costs and costs related to investment activity.

Scholarship Allowances
Scholarship allowances are the difference between the stated charge for goods and services provided by the Institute, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state or nongovernmental programs, are recorded as either operating or non-operating revenues in the Institute's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees and other student charges, the Institute has recorded contra revenue for scholarship allowances. Tuition, fees and other student charges reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of $51,436,516.

Note 2 Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2021 are classified in the accompanying statement of net position and statement of fiduciary net position as follows:

Statement of Net Position		
Current		
Cash and Cash Equivalents	$	218,530,132
Cash and Cash Equivalents (Externally Restricted)		221,094,803
Noncurrent		
Noncurrent Cash (Externally Restricted)		171,485
Noncurrent Investments (Externally Restricted)		104,210,568
Statement of Fiduciary Net Position		
Cash and Cash Equivalents		(5,910,267)
	$	538,096,721

Cash on hand, deposits and investments as of June 30, 2021 consist of the following:

Cash on Hand	$	15,150
Deposits with Financial Institutions		53,393,019
Investments		484,688,552
	$	538,096,721

A. Deposits with Financial Institutions

Deposits include certificates of deposits and demand deposit accounts, including certain interest bearing demand deposit accounts. The custodial credit risk for deposits is the risk that in the event of a bank failure, the Institute's deposits may not be recovered. Funds belonging to the State of Georgia (and thus the Institute) cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated (O.C.G.A.) § 50-17-59:

1. Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State of Georgia.

2. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.

3. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.

4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.

5. Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.

6. Letters of credit issued by a Federal Home Loan Bank.

7. Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

The Institute participates in the State's Secure Deposit Program (SDP), a multi-bank pledging pool. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. The Georgia Office of State Treasurer (OST) sets the collateral requirements and pledging level for each covered depository. There are four tiers of collateralization levels specifying percentages of eligible securities to secure covered Deposits: 25%, 50%, 75%, and 110%. The SDP also provides for collateral levels to be increased to amount of up to 125% if economic or financial conditions warrants. The program lists the type of eligible collateral. The OST approves authorized custodians.

In accordance with the SDP, if a covered depository defaults, losses to public depositors are first satisfied with any applicable insurance, followed by demands of payment under any letters of credit or sale of the covered depository's collateral. If necessary, any remaining losses are to be satisfied by assessments made against the other participating covered depositories. Therefore, for disclosure purposes, all deposits of the SDP are considered to be fully collateralized.

At June 30, 2021, the bank balances of the Institute's deposits totaled $54,515,349. This balance includes deposits in fiduciary funds as these balances are not separable from the holdings of the Institute. Of these deposits, $138,677 were exposed to uninsured and uncollateralized custodial credit risk as follows:

Uninsured and uncollaterized	$ 138,677

B. Investments

The Institute maintains an investment policy which fosters sound and prudent judgment in the management of assets to ensure safety of capital consistent with the fiduciary responsibility it has to the citizens of Georgia and which conforms to Board of Regents investment policy. All investments are consistent with donor intent, Board of Regents policy and applicable federal and state laws.

GASB Statement No. 72, *Fair Value Measurements and Application* requires fair value measurement be classified and disclosed in one of the following three categories ("Fair Value Hierarchy"):

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 - Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1; inputs include comparable market transactions, pricing of similar instruments, values reported by the administrator, and pricing expectations based on internal modeling. Fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investments.

The following table summarizes the valuation of the Institute's investments measured at fair value on a recurring basis and at net asset value as of June 30, 2021.

		Fair Value Hierarchy		
	Fair Value	Level 1	Level 2	Level 3
Investment type:				
Debt Securities				
U.S. Treasuries	$ 190,756	$ 190,756	$ —	$ —
U.S. Agencies				
Implicitly Guaranteed	35,620	—	35,620	—
Corporate Debt	357,412	—	357,412	—
Money Market Mutual Funds	171,485	171,485	—	—
Mutual Bond Funds	221,573	221,573	—	—
Other Investments				
Equity Mutual Funds - Domestic	499,637	499,637	—	—
Equity Mutual Funds - International	375,355	375,355	—	—
Equity Securities - Domestic	1,070,979	1,070,979	—	—
Equity Securities - International	189,073	—	189,073	—
Real Estate Held for Investment Purposes	357,494	—	—	357,494
Real Estate Investment Trusts	130,313	130,313	—	—
	$ 3,599,697	$ 2,660,098	$ 582,105	$ 357,494
Investment Pools				
Board of Regents				
Short-Term Fund	294,254,362			
Legal Fund	6,421,138			
Diversified Fund	94,361,217			
Office of the State Treasurer				
Georgia Fund 1	86,052,138			
Total Investments	$ 484,688,552			

Investments classified in Level 1 are valued using prices quoted in active markets for those securities.

Investments classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Investments classified in Level 3 includes real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investment in this category have been estimated using the net asset value of the Institute's ownership interest in partners' capital. These investments are less liquid and, generally, cannot be redeemed with the funds through normal redemption procedures. Distributions from this fund will be received as the underlying investments of the fund are liquidated.

The Institute holds positions in investment pools managed by the Georgia Office of the State Treasurer and the USG. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The Institute does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

Board of Regents Pooled Investment Program
The USG serves as fiscal agent for various units of the University System of Georgia and affiliated organizations. The USG pools the monies of these organizations with the USG's monies for investment purposes. The investment pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The fair value of the investments is determined daily. The pool does not issue shares. Each participant is allocated a pro rata share of each pooled investment fund balance at fair value along with a pro rata share of the pooled fund's investment returns.

The USG maintains investment policy guidelines for each pooled investment fund that is offered to qualified University System participants. These policies are intended to foster the sound and prudent responsibility each institution has to the citizens of Georgia and which conforms to the Board of Regents investment policy. All investments must be consistent with donor intent, Board of Regents policy, and applicable Federal and state laws. Units of the University System of Georgia and their affiliated organizations may participate in the Pooled Investment Fund program. The overall character of the pooled fund portfolio should be one of above average quality, possessing at most an average degree of investment risk.

The Institute's position in the pooled investment fund options are described below.

1. Short-Term Fund
   The Short-Term Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund provides a current return and stability of principal while affording a means of overnight liquidity for projected cash needs. Investments are in securities allowed under O.C.G.A. § 50-17-59 and 50-17-63. The average maturities of investments in this fund will typically range between daily and three years, and the fund will typically have an overall average duration of ¾ - 1 year. The overall character of the portfolio is of Agency quality, possessing a minimal degree of financial risk. The market value of the Institute's position in the Short-Term Fund at June 30, 2021 was $294,254,362, of which 100% is invested in debt securities. The Effective Duration of the Fund is 0.89 years.

2. Legal Fund
   The Legal Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund provides an opportunity for greater return and modest principal growth to the extent possible with the securities allowed under O.C.G.A. § 50-17-59 and 50-17-63. The average maturities of investments in this fund will typically range between three and five years, with a maximum of thirty years for any individual investment. The overall character of the portfolio is Agency quality, possessing a minimal degree of financial risk. The market value of the Institute's position in the Legal Fund at June 30, 2021 was $6,421,138. The Effective Duration of the Fund is 3.26 years.

3. Diversified Fund
   The Diversified Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund is designed to provide improved return characteristics with reduced volatility through greater diversification. This pool is appropriate for investing longer term funds such as endowments. Permitted investments in the fund may include domestic, international and emerging market equities, domestic fixed income and global fixed income.

   The equity allocation shall range between 60% and 80% of the portfolio, with a target of 70% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 20% and 40%, with a target of 30% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the Institute's position in the Diversified Fund at June 30, 2021 was $94,361,217, of which 28% is invested in debt securities. The Effective Duration of the Fund is 5.88 years.

Office of the State Treasurer Investment Pool
The Georgia Fund 1 Investment Pool, managed by the Office of the State Treasurer, is not registered with the Securities and Exchange Commission as an investment company, and the State does not consider Georgia Fund 1 to be a 2a7-like pool. This investment is valued at the pool's share price, $1.00 per share. The Georgia Fund 1 Investment Pool is an AAAf rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is 36 days.

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Institute's policy for managing interest rate risk is to comply with University System of Georgia policy and applicable Federal and State laws.

The following table presents the interest rate risk for the Institute's debt investment at June 30, 2021, utilizing segmented time distribution methods:

		Investment Maturity				
	Fair Value	Less Than 3 Months	4-12 Months	1-5 Years	6-10 Years	More Than 10 Years
Investment type:						
Debt Securities						
U.S. Treasuries	$ 190,756	$ —	$ —	$ 131,917	$ 58,839	$ —
U.S. Agencies						
Implicitly Guaranteed	35,620	—	—	35,620	—	—
Corporate Debt	357,412	—	—	237,987	119,425	—
Money Market Mutual Funds	171,485	171,485	—	—	—	—
Mutual Bond Funds	221,573	—	—	50,507	119,336	51,730
	$ 976,846	$ 171,485	$ —	$ 456,031	$ 297,600	$ 51,730
Other Investments						
Equity Mutual Funds - Domestic	499,637					
Equity Mutual Funds - International	375,355					
Equity Securities - Domestic	1,070,979					
Equity Securities - International	189,073					
Real Estate Held for Investment Purposes	357,494					
Real Estate Investment Trusts	130,313					
Investment Pools						
Board of Regents						
Short-Term Fund	294,254,362					
Legal Fund	6,421,138					
Diversified Fund	94,361,217					
Office of the State Treasurer						
Georgia Fund 1	86,052,138					
Total Investments	$ 484,688,552					

Custodial Credit Risk
Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the Institute will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Institute's policy for managing custodial credit risk for investments is an integral part of its current investment policies dated May 16, 2005, which specifies how counterparties are selected and how investments are to be held on behalf of the Institute. These policies can be obtained from Georgia Tech's website at https://www.treasury.gatech.edu/policies-procedures.

At June 30, 2021, $2,120,928 was uninsured and held by the investment's counterparty's trust department or agent, but not in the Institute's name.

Credit Quality Risk
Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Institute's policy for managing custodial credit risk for investments is an integral part of its current investment policies dated May 16, 2005, which specifies how counterparties are selected and how investments are to be held on behalf of the Institute. These policies can be obtained from Georgia Tech's website at https://www.treasury.gatech.edu/policies-procedures.

The investments subject to credit quality risk are reflected below:

		Fair Value		AAA		AA		A		BBB		Unrated
Related Debt Investments												
U. S. Agency Securities	$	35,620	$	—	$	35,620	$	—	$	—	$	—
Corporate Debt		357,412		—		54,971		155,480		146,961		—
Money Market Mutual Funds		171,485		171,485		—		—		—		—
Mutual Bond Funds		221,573		—		—		—		—		221,573
	$	786,090	$	171,485	$	90,591	$	155,480	$	146,961	$	221,573

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Institute's policy for managing concentration of credit risk for investments is an integral part of its current investment policies dated May 16, 2005, which overviews concentration guidelines not allowing more than 20% of the total investment portfolio to be concentrated in any one issuer other than the U. S. Treasury or other Federal Government agencies.

At June 30, 2021, approximately 61%, 19%, and 18% of the Institute's investments were investments in the Board of Regents Short Term Fund Pool, Board of Regents Diversified Funds Pool, and Local Government Investment Pool (Georgia Fund 1), respectively. None of these counterparties or positions represent an individual issuer.

Note 3 Accounts Receivable

Accounts receivable consisted of the following at June 30, 2021:

		Business Type Activities		Fiduciary Fund
Student Tuition and Fees	$	10,133,486	$	—
Auxiliary Enterprises and Other Operating Activities		2,315,359		—
Federal Financial Assistance		13,659,390		129,148
Georgia Student Finance Commission		—		7,375,972
Georgia State Financing and Investment Commission		941,134		—
Due from Affiliated Organizations		3,309,606		—
Due from Component Units		117,553,990		—
Due From USO - Capital Liability Reserve Fund		2,762,562		—
Other		19,299,637		19,779
		169,975,164		7,524,899
Less: Allowance for Doubtful Accounts		5,953,840		—
Net Accounts Receivable	$	164,021,324	$	7,524,899

Note 4 Inventories

Inventories consisted of the following at June 30, 2021:

Consumable Supplies	$	1,546,358
Merchandise for Resale		124,217
Total	$	1,670,575

Note 5 Notes and Loans Receivable

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2021. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The federal government reimburses the Institute for amounts canceled under these provisions. As the Institute determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The Institute has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2021, the allowance for uncollectible loans was $759,055.

Note 6 Capital Assets

Changes in capital assets for the year ended June 30, 2021 are shown below:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021
Capital Assets, Not Being Depreciated:				
Land	$ 61,425,231	$ —	$ —	$ 61,425,231
Capitalized Collections	17,699,454	168,990	—	17,868,444
Construction Work-in-Progress	67,714,461	115,000,624	144,264,193	38,450,892
Software Development-in-Progress	—	—	—	—
Total Capital Assets Not Being Depreciated	146,839,146	115,169,614	144,264,193	117,744,567
Capital Assets, Being Depreciated/Amortized:				
Infrastructure	121,226,885	8,271,189	—	129,498,074
Building and Building Improvements	2,311,040,250	99,473,030	18,902,548	2,391,610,732
Facilities and Other Improvements	63,890,818	18,420,463	887,018	81,424,263
Equipment	652,674,541	46,410,916	38,777,348	660,308,109
Library Collections	148,532,516	6,980,467	2,964,037	152,548,946
Software	51,691,432	787,813	—	52,479,245
Total Capital Assets Being Depreciated/Amortized	3,349,056,442	180,343,878	61,530,951	3,467,869,369
Less: Accumulated Depreciation/Amortization				
Infrastructure	32,907,410	6,570,252	—	39,477,662
Building and Building Improvements	727,641,690	55,629,584	8,736,782	774,534,492
Facilities and Other Improvements	17,942,637	3,162,615	339,284	20,765,968
Equipment	453,729,929	41,325,338	26,493,673	468,561,594
Library Collections	117,435,726	5,940,837	2,964,037	120,412,526
Software	8,015,781	6,130,560	—	14,146,341
Total Accumulated Depreciation/Amortization	1,357,673,173	118,759,186	38,533,776	1,437,898,583
Total Capital Assets, Being Depreciated/Amortized, Net	1,991,383,269	61,584,692	22,997,175	2,029,970,786
Capital Assets, net	$ 2,138,222,415	$ 176,754,306	$ 167,261,368	$ 2,147,715,353

For projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the Institute when complete. For projects managed by the Institute, the Institute retains construction-in-progress on its books and is reimbursed by GSFIC. For the year ended June 30, 2021, GSFIC transferred capital additions for GSFIC managed projects valued at $30,197,227 to the Institute. In addition, at June 30, 2021, GSFIC had construction in progress of approximately $1,398,031 for incomplete GSFIC managed projects for the Institute. For the year ended June 30, 2021, the Institute recorded $7,077,123 in capital additions from GSFIC projects managed by the Institute and recorded $2,689,645 in capital additions from donations.

A comparison of the Institute's depreciation expense for the last three fiscal years is as follows:

Fiscal Year	Depreciation Expense
2021	$ 118,759,186
2020	$ 107,839,242
2019	$ 109,097,163

Note 7 Advances (Including Tuition and Fees)

Advances, including tuition and fees, consisted of the following at June 30, 2021:

	Current Liabilities	Non-Current Liabilities
Prepaid Tuition and Fees	$ 24,281,521	$ —
Research	—	11,394,876
Other - Advances	709,985	3,293,750
Totals	$ 24,991,506	$ 14,688,626

The Institute had no fiduciary fund advances related to student support.

Note 8 Long-Term Liabilities

Changes in long-term liability for the year ended June 30, 2021 were as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Current Portion
Leases					
Lease Purchase Obligations	$ 510,217,498	$ 31,558,753	$ 42,103,193	$ 499,673,058	$ 26,539,499
Other Liabilities					
Compensated Absences	62,429,243	50,858,374	40,753,677	72,533,940	44,223,592
Notes and Loans Payable	10,542,400	—	1,699,268	8,843,132	1,737,535
Pollution Remediation	590,916	469,409	590,916	469,409	469,409
Total	73,562,559	51,327,783	43,043,861	81,846,481	46,430,536
Total Long-Term Obligations	$ 583,780,057	$ 82,886,536	$ 85,147,054	$ 581,519,539	$ 72,970,035

See Note 14, Retirement Plans, for information related to net pension liability. See Note 17, Post-Employment Benefits Other Than Pension Benefits, for information related to net other post employment benefits liability.

Pollution Remediation
The Institute is responsible for pollution remediation at all Institute sites including, but not limited to ground contamination, storage/treatment/disposal of hazardous materials, and asbestos abatement. Pollution remediation obligations reflect estimates that have the potential to change due to such items as price increases or reductions, new technology, or changes in applicable laws or regulations. There are no expected recoveries that have reduced this liability.

Notes and Loans Payable
The Institute entered into a notes payable to secure Energy Performance Contracts. The interest rates for the notes are between 2.04% - 2.64% and the notes mature during fiscal year 2031.

Below is the annual debt service related to the outstanding notes payable at June 30, 2021.

	Principal	Interest
Year Ending June 30:		
2022	$ 1,737,535	$ 200,828
2023	1,776,677	161,686
2024	1,204,896	123,203
2025	615,212	102,622
2026	631,584	86,250
2027 through 2031	2,877,228	173,570
	$ 8,843,132	$ 848,159

Note 9 Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources reported on the Statement of Net Position as of June 30, 2021, consisted of the following:

Deferred Outflows of Resources	
Deferred Outflows on Defined Benefit Pension Plans (See Note 14)	$ 187,645,932
Deferred Outflows on OPEB Plan (See Note 17)	161,909,270
Total Deferred Outflows of Resources	$ 349,555,202

Deferred Inflows of Resources	
Unavailable Revenues	$ 5,209,116
Deferred Inflows on Defined Benefit Pension Plans (See Note 14)	36,204
Deferred Inflows on OPEB Plan (See Note 17)	62,677,339
Total Deferred Inflows of Resources	$ 67,922,659

Unavailable Revenues
Resources from certain non-exchange transactions received before time requirements are met, but after all other eligibility requirements have been met, are reported as a deferred inflow of resources.

Note 10 Net Position

The breakdown of business-type activity net position for the Institute fund at June 30, 2021 is as follows:

Net Investment in Capital Assets	$ 1,630,363,098
Restricted for	
Nonexpendable	
Permanent Endowment	88,122,222
Expendable	
Sponsored and Other Organized Activities	3,123,583
Federal Loans	4,366,999
Institutional Loans	9,080,846
Quasi-Endowments	12,493,951
Sub-Total	29,065,379
Unrestricted	
Auxiliary Enterprises Operations	90,432,263
Reserve for Encumbrances	114,256,257
Reserve for Inventory	1,817,579
Capital Liability Reserve Fund	2,762,562
Other Unrestricted (Deficit)	(931,238,239)
Sub-Total	(721,969,578)
Total Net Position	$ 1,025,581,121

Other unrestricted net position is reduced by $729,518,328 related to the recording of net OPEB liability, deferred inflow of resources, and deferred outflow of resources related to OPEB plan. Other unrestricted net position was also reduced by $424,384,856 related to the recording of net pension liability, deferred inflow of resources, and deferred outflow of resources related to benefit pension plans. These balances are mostly funded through state appropriations and student tuition and fees and are subject to state surplus rules which prevents the accumulation of budgetary fund balance. Therefore, the Institute is statutorily unable to maintain accumulated net position to offset these OPEB and pension balances.

Changes in Net Position for the year ended June 30, 2021 are as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021
Net Investments in Capital Assets	$ 1,606,259,990	$ 195,051,760	$ 170,948,652	$ 1,630,363,098
Restricted Net Position	96,743,239	1,118,652,913	1,098,208,551	117,187,601
Unrestricted Net Position	(676,695,307)	916,840,257	962,114,528	(721,969,578)
Total Net Position	$ 1,026,307,922	$ 2,230,544,930	$ 2,231,271,731	$ 1,025,581,121

Note 11 Endowments

Donor Restricted Endowments
Investments of the Institute's endowment funds are pooled, unless required to be separately invested by the donor. For Institute controlled, donor-restricted endowments, where the donor has not provided specific instructions, the Board of Regents permits Institutions to develop policies for authorizing and spending realized and unrealized endowment income and appreciation as they determined to be prudent. Realized and unrealized appreciation in excess of the amount budgeted for current spending is retained by the endowments. Current year net appreciation on endowment investments available for authorization of expenditure was $18,250,587 and is reflected as expendable restricted net position.

For endowment funds where the donor has not provided specific instructions, investment return of the Institute's endowment funds is predicated on the total return concept. Annual payouts from the Institute's endowment funds are based on a spending policy which limits spending to 3.5% of endowment's average principal market value over a twelve quarter period calculation. To the extent that the total return for the current year exceeds the payout, the excess is added to principal. If current year earnings do not meet the payout requirements, the Institute uses accumulated income and appreciation from restricted expendable net asset endowment balances to make up the difference.

For the current year, the Institute did not incur investment losses that exceeded the related endowment's available accumulated income and net appreciation.

Note 12 Significant Commitments

See the Net Position note for amounts reserved for outstanding encumbrances at June 30, 2021. In addition to these encumbrances, the Institute had no significant unearned outstanding construction or renovation contracts executed as of June 30, 2021.

Note 13 Leases

Lease Obligations
The Institute is obligated under various capital and operating lease agreements for the acquisition or use of real property and equipment.

Capital Leases
The Institute acquires certain real property and equipment through multi-year capital leases with varying terms and options. In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the Institute. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The Institute's cash payments for fiscal year 2021 were $69,800,255. Principal and interest payments related to capital leases for fiscal year 2021 were $41,522,699 and $23,446,579, respectively and $4,830,977 represented executory costs. Interest rates range from 0.80% to 6.70%.

The Institute has $406,762,669 in outstanding lease obligations due to component units. Component units have $406,762,669 in investment in capital lease receivables due from the Institute.

The Institute has $10,805,395 in outstanding capital lease obligations due to affiliated organizations.

The following is a summary of the carrying values of assets held under capital lease at June 30, 2021:

Description	Gross Amount	Less: Accumulated Depreciation	Net, Capital Assets Held Under Capital Lease at June 30, 2021	Outstanding Balance per Lease Schedules at June 30, 2021
	(+)	(-)	(=)	
Leased Land and Land Improvements	$ 14,413,206	$ —	$ 14,413,206	$ 7,764,135
Leased Infrastructure	39,705,000	19,296,630	20,408,370	31,755,485
Leased Buildings & Building Improvements	657,550,512	186,836,203	470,714,309	459,781,422
Leased Facilities and Other Improvements	607,700	369,178	238,522	372,016
Total Assets Held Under Capital Lease	$ 712,276,418	$ 206,502,011	$ 505,774,407	$ 499,673,058

The following schedule lists the pertinent information for each of the Institute's capital leases:

Description	Lessor	Original Principal	Lease Term	Begin Month/ Year	End Month/Year	Outstanding Principal	
Campus Recreation Center/Pkg	GTF	$ 44,980,000	30 yrs	2/2001	4/2031	$ 23,860,000	(1)
Technology Square Research Bldg.	TUFF	76,150,584	29 yrs	12/2002	12/2031	57,643,128	
Technology Square Complex	GTF	142,298,200	29 yrs	8/2003	4/2032	71,203,601	(1)
Married Family Housing	GTFI	60,485,000	25 yrs	10/2005	4/2030	29,605,000	(1)
Molecular Sciences & Eng.	GTFI	75,205,000	35 yrs	9/2006	6/2041	56,287,788	(1)
Klaus Advanced Computing Pkg.	GTFI	9,835,000	20 yrs	10/2005	4/2025	2,915,000	(1)
Electrical Sub Station	GTFI	39,705,000	33 yrs	10/2007	12/2039	31,755,485	(1)
North Ave Apts (Pkg/Dining)	GTFI	82,705,494	25 yrs	7/2011	6/2036	51,649,941	(1)
Carbon Neutral Energy Solutions	GTFI	13,815,000	29 yrs	10/2011	4/2041	11,627,865	(1)
Library Service Center	EmTech	11,632,450	30 yrs	11/2015	10/2045	10,805,395	(1)
Georgia Tech Cobb Research Campus	GATV	64,614,756	30 yrs	6/2019	5/2049	61,865,459	(1)
Dalney Building	GTFI	35,636,440	30 yrs	9/2019	8/2049	34,520,622	(1)
GT-Savannah	TUFF	27,120,765	13 yrs	4/2020	12/2032	24,461,866	
Campus Center	GTFI	31,558,753	31 yrs	12/2020	6/2052	31,471,908	(1)
Total Leases		$715,742,442				$499,673,058	

(1) These capital leases are related party transactions.

Certain capital leases provide for renewal and/or purchase options. Generally purchase options at bargain prices of one dollar are exercisable at the expiration of the lease terms.

Operating Leases

The Institute leases land, facilities, office, and computer equipment, and other assets. Some of these leases are considered for accounting purposes to be operating leases. Although lease terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. Other leases generally contain provisions that, at the expiration date of the original term of the lease, the Institute has the option of renewing the lease on a year-to-year basis. Leases renewed yearly for a specified time period, i.e. lease expires at 12 months and must be renewed for the next year, may not meet the qualification as an operating lease. The Institute's operating lease expense for fiscal 2021 was $35,659,436, which includes payments to related parties of $17,727,373. The Institute is obligated to pay these related parties a total of $16,110,427 in the next fiscal year.

Future commitments for capital leases and for non-cancellable operating leases having remaining terms in excess of one year as of June 30, 2021, are as follows:

	Real Property and Equipment	
	Capital Leases	Operating Leases
Year Ending June 30:		
2022	$ 54,495,925	$ 33,210,198
2023	52,568,260	26,364,442
2024	51,558,919	24,247,796
2025	52,048,383	22,993,955
2026	51,424,752	22,606,564
2027 through 2031	255,260,123	101,640,871
2032 through 2036	123,712,681	40,500,116
2037 through 2041	91,469,895	4,549,980
2042 through 2046	51,245,550	—
2047 through 2051	30,311,107	—
2052 through 2056	597,777	—
Total Minimum Lease Payments	814,693,372	$ 276,113,922
Less: Interest	216,934,929	
Less: Executory Costs	98,085,385	
Principal Outstanding	$ 499,673,058	

Note 14 Retirement Plans

The Institute participates in various retirement plans administrated by the State of Georgia under two major retirement systems: Teachers Retirement System of Georgia (TRS) and Employees' Retirement System of Georgia (ERS). These two systems issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained from the respective administrative offices. The Institute also provides one other retirement plan - the Regents Retirement Plan.

The significant retirement plans that the Institute participates in are described below. More detailed information can be found in the plan agreements and related legislation. Each plan, including benefit and contribution provisions, was established and can be amended by State law.

A. Teachers Retirement System of Georgia and Employees' Retirement System of Georgia

General Information about the Teachers Retirement System

Plan description
All teachers of the Institute as defined in the O.C.G.A. § 47-3-60 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at trsga.com/publications.

Benefits Provided
TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of

service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions
Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2021. The Institute's contractually required contribution rate for the year ended June 30, 2021 was 19.06% of the Institute's annual payroll. The Institute's contributions to TRS totaled $63,409,435 for the year ended June 30, 2021.

General Information about the Employees' Retirement System

Plan description
ERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at ers.ga.gov/financials.

Benefits provided
The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are new plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Contributions
Member contributions under the old plan are 4% of annual compensation, up to $4,200, plus 6% of annual compensation in excess of $4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The required contribution rate for the year ended June 30, 2021 was 19.91% of annual covered payroll for old plan members, 24.66% for new plan members and 21.57% for GSEPS members. The Institute's contributions to ERS totaled $346,960 for the year ended June 30, 2021. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2021, the Institute reported a liability for its proportionate share of the net pension liability for TRS and ERS. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the

net pension liability was based on an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2020 was determined using standard roll-forward techniques. The Institute's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2020. At June 30, 2020, the Institute's TRS proportion was 2.518402%, which was an increase of 0.036979% from its proportion measured as of June 30, 2019. At June 30, 2020, the Institute's ERS proportion was 0.046004%, which was an increase of 0.006458% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Institute recognized pension expense of $112,811,540 for TRS and $279,297 for ERS. At June 30, 2021, the Institute reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 26,568,109	$ —	$ 23,620	$ —
Changes of assumptions	62,836,422	—	—	—
Net difference between projected and actual earnings on pension plan investments	14,693,289	—	27,389	—
Changes in proportion and differences between contributions and proportionate share of contributions	19,583,976	—	156,732	36,204
Contributions subsequent to the measurement date	63,409,435	—	346,960	—
Total	$187,091,231	$ —	$ 554,701	$ 36,204

The Institute's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	TRS	ERS
2022	$ 30,102,235	$ 48,872
2023	$ 40,114,346	$ 66,925
2024	$ 38,409,122	$ 31,787
2025	$ 15,056,093	$ 23,953

Actuarial assumptions

The total pension liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System

Inflation	2.50%
Salary increases	3.00% - 8.75%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% as used for death prior to retirement. Future improved in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018, with the exception of the long-term assumed rate of return and the assumed annual rate of inflation.

Employees' Retirement System

Inflation	2.75%
Salary increases	3.25 – 7.00%, including inflation
Investment rate of return	7.30%, net of pension plan investment expense, including inflation

Post–retirement mortality rates were based on the RP–2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward 2 years for both males and females for service retirements and dependent beneficiaries. The RP–2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB and set back 7 years for males and set forward 3 years for females was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9–12% less than the actual number of deaths that occurred during the study period for service retirements and beneficiaries and for disability retirements. Rates of mortality in active service were based on the RP–2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014 with the exception of the assumed investment rate of return.

The long-term expected rate of return on TRS and ERS pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	TRS target allocation	ERS target allocation	Long-term expected real rate of return*
Fixed income	30.00 %	30.00 %	(0.10)%
Domestic large equities	51.00 %	46.20 %	8.90 %
Domestic small equities	1.50 %	1.30 %	13.20 %
International developed market equities	12.40 %	12.40 %	8.90 %
International emerging market equities	5.10 %	5.10 %	10.90 %
Alternatives	— %	5.00 %	12.00 %
Total	100.00 %	100.00 %	

* Rates shown are net of inflation

Discount rate

The discount rate used to measure the total TRS and ERS pension liability was 7.25% and 7.30%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and ERS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Institute's proportionate share of the net pension liability to changes in the discount rate:
The following presents the Institute's proportionate share of the net pension liability calculated using the discount rate, as well as what the Institute's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Teachers Retirement System:

	1% Decrease 6.25%	Current discount rate 7.25%	1% Increase 8.25%
Proportionate share of the net pension liability	$ 967,402,449	$ 610,055,535	$ 317,133,524

Employees' Retirement System:

	1% Decrease 6.30%	Current discount rate 7.30%	1% Increase 8.30%
Proportionate share of the net pension liability	$ 2,727,901	$ 1,939,049	$ 1,265,856

Pension plan fiduciary net position
Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS and ERS financial reports which are publicly available at http://trsga.com/publications and https://www.ers.ga.gov/financials, respectively.

B. Defined Contribution Plan:

Regents Retirement Plan

Plan Description
The Regents Retirement Plan, a single-employer defined contribution plan, is an optional retirement plan that was created/established by the Georgia General Assembly in O.C.G.A. § 47-21-1 et.seq. and administered by the Board of Regents of the University System of Georgia (Board). O.C.G.A. § 47-3-68(a) defines who may participate in the Regents Retirement Plan. An "eligible university system employee" is a faculty member or all exempt full and partial benefit eligible employees, as designated by the regulations of the Board. Under the Regents Retirement Plan, a plan participant may purchase annuity contracts from three approved vendors (VALIC, Fidelity, and TIAA-CREF) for the purpose of receiving retirement and death benefits. Benefits depend solely on amounts contributed to the plan plus investment earnings. Benefits are payable to participating employees or their beneficiaries in accordance with the terms of the annuity contracts.

Funding Policy
The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 2021, the employer contribution was 9.24% for the participating employee's earnable compensation. Employees contribute 6.00% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.

The Institute and the covered employees made the required contributions of $39,841,153 (9.24%) and $25,905,770 (6.00%), respectively.

VALIC, Fidelity, and TIAA-CREF have separately issued financial reports which may be obtained through their respective corporate offices.

Note 15 Risk Management

The USG offers its employees and retirees under the age of 65 access to three self insured health care plan options and one fully insured plan option. For the USG's Plan Year 2021, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan.

The Institute's participating employees and eligible retirees pay premiums into the plan fund to access benefits coverage. All units of the USG share the risk of loss for claims associated with these plans. The plan fund is considered to be a self-sustaining risk fund. The USG has contracted with Blue Cross and Blue Shield of Georgia, a wholly owned subsidiary of Anthem, Inc., to serve as the claims administrator for the self-insured health care plan options. In addition to the self-insured health care plan options offered to the employees and eligible retirees of the USG, a fully insured HMO health care plan option also is offered through Kaiser Permanente. The Comprehensive Care plan has a carved-out prescription drug plan administered through CVS Caremark. Pharmacy drug claims are processed in accordance with guidelines established for the Board of Regents' Prescription Drug Benefit Program. Generally, claims are submitted by participating pharmacies directly to CVS Caremark for verification, processing and payment. CVS Caremark maintains an eligibility file based on information furnished by Blue Cross and Blue Shield of Georgia on behalf of the various organizational units of the University System of Georgia. The self-insured dental plan is administered through Delta Dental.

Retirees age 65 and older participate in a secondary health care coverage for Medicare-eligible retirees and dependents provided through a retiree health care exchange option. The USG makes contributions to a health reimbursement account, which can be used by the retiree to pay premiums and out-of-pocket health care-related expenses.

The Department of Administrative Services (DOAS) has the responsibility for the State of Georgia of making and carrying out decisions that will minimize the adverse effects of accidental losses that involve State government assets. The State believes it is more economical to manage its risks internally and set aside assets for claim settlement. Accordingly, DOAS processes claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, unemployment compensation, and law enforcement officers' indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks.

The Institute is part of the State of Georgia reporting entity, and as such, is covered by the State of Georgia risk management program administered by DOAS. Premiums for the risk management program are charged to the various state organizations by DOAS to provide claims servicing and claims payment.

A self-insured program of professional liability for its employees was established by the Board of Regents of the University System of Georgia under powers authorized by the O.C.G.A § 45-9-1.

The program insures the employees to the extent that they are not immune from liability against personal liability for damages arising out of the performance of their duties or in any way connected therewith. The program is administered by DOAS as a Self-Insurance Fund.

Note 16 Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. This could result in refunds to the grantor agency for any expenditure disallowed under grant terms. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the Institute expects such amounts, if any, to be immaterial to its overall financial position.

Litigation, claims and assessments filed against the Institute, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021.

Note 17 Post-Employment Benefits Other Than Pension Benefits

Board of Regents Retiree Health Benefit Plan

Plan Description and Funding Policy

The Board of Regents Retiree Health Benefit Plan (Plan) is a single-employer, defined-benefit, health care plan administered by the University System Office, an organizational unit of the USG. The Plan was authorized pursuant to O.C.G.A. § 47-21-21 for the purpose of accumulating funds necessary to meet employer costs of retiree post-employment health insurance benefits. As part of the USG, the Institute reports their cost sharing proportionate share of the Plan.

Pursuant to the general powers conferred by the O.C.G.A. § 20-3-31, the USG has established group health and life insurance programs for regular employees of the USG. It is the policy of the USG to permit employees of the USG eligible for retirement or who become permanently and totally disabled to continue as members of the group health and life insurance programs. The USG offers its employees and retirees under the age of 65 access to three self-insured health care plan options and one fully insured plan option. For the USG's Plan Year 2021, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan. The USG offers a self-insured dental plan administered by Delta Dental.

Retirees age 65 and older participate in a secondary health care coverage for Medicare-eligible retirees and dependents provided through a retiree health care exchange option. The USG makes contributions to the retirees' health reimbursement account, which can be used by the retiree to pay premiums and out-of-pocket health care related expenses.

The Institute's membership in the Plan consisted of the following at June 30, 2021:

Active Employees	7,907
Retirees or Beneficiaries Receiving Benefits	1,984
Retirees Receiving Life Insurance Only	409
Total	10,300

The contribution requirements of plan members and the employer are established and may be amended by the Board. The Plan is substantially funded on a "pay-as-you-go" basis; however, amounts above the pay-as-you-go basis may be contributed annually, either by specific appropriation or by Board designation.

The Institute pays the employer portion for group insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based on rates that are established annually by the Board for the upcoming plan year. For the 2021 plan year, the employer rate was approximately 85% of the total health insurance cost for eligible retirees and the retiree rate was approximately 15%. For employees hired on or after January 1, 2013 and retirees after January 1, 2018, the amount the USG contributes is tied to years of service, which ranges from 0% to 100%. With regard to life insurance, the employer covers the total premium cost for $25,000 of basic life insurance. If an individual elects to have supplemental, and/or, dependent life insurance coverage, such costs are borne entirely by the retiree.

For fiscal year 2021, the Institute contributed $18,738,348 to the plan for current premiums or claims.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the Institute reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of May 1, 2020. An expected total OPEB liability as of June 30, 2020 was determined using standard roll-forward techniques. The Institute's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2020. At June 30, 2020, the Institute's proportion was 15.537943%, which was an increase of 0.189231% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Institute recognized OPEB expense of $56,151,403. At June 30, 2021, the Institute reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 42,085,150	$ 3,320,260
Changes of assumptions	76,081,834	59,099,131
Net difference between projected and actual earnings on OPEB plan investments	—	257,948
Changes in proportion and differences between contributions and proportionate share of contributions	25,003,938	—
Contributions subsequent to the measurement date	18,738,348	—
Total	$ 161,909,270	$ 62,677,339

The Institute's contributions subsequent to the measurement date of $18,738,348 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:		
2022	$	8,496,132
2023	$	8,727,529
2024	$	13,189,545
2025	$	13,352,525
2026	$	13,764,872
Thereafter	$	22,962,980

Actuarial assumptions
The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of May 1, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Cost Method	Entry Age Normal
Amortization Method	Closed amortization period for initial unfunded and subsequent actuarial gains/losses.
Asset Method	Fair Value
Interest Discounting and Salary Growth	Interest Rate as of 6/30/2020 2.21% from Bond Buyers GO 20-Bond Municipal Bond Index Interest Rate as of 6/30/2019 3.50% from Bond Buyers GO 20-Bond Municipal Bond Index Long-term Rate of Return 3.75% General Inflation 2.10% Salary Increase 4.00%
Mortality Rates	Pub - 2010 for Teachers (headcount weighted) projected with a scale MP-2019
Initial Health Care Cost Trend	
Pre-Medicare Eligible	6.7%
Medicare Eligible	4.5%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.5%
Medicare Eligible	4.5%
Year Ultimate Trend is Reached	Fiscal Year 2031 for Pre-Medicare Eligible, Fiscal Year 2020 for Medicare Eligible
Experience Study	Economic and demographic assumptions are based on the results of the most recent actuarial experience study over the Plan, which covered a three-year period ending June 30, 2019. All other assumptions are based on the results of the most recent actuarial experience study of the Teachers Retirement System of Georgia, which cover the five year period ending June 30, 2014.

Changes in Assumptions Since Prior Valuation

Expected claims costs were updated to reflect actual claims experience. Trend rate schedule was updated to remove excise tax adjustments. Mortality improvement scale was updated from MP-2018 to MP-2019. The discount rate was update from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020. The withdrawal rates were updated to better reflect the anticipated future experience as the result of an assumption study. The coverage election assumption was updated to better reflect anticipated future experience as the result of an assumption study. The spousal coverage assumption and the spousal age difference assumption were updated to better reflect anticipated future experience as the result of an assumption study.

Plan Changes:
HRA cost sharing for employees hired on or after January 1, 2013 and retiring after January 1, 2018 is based on a policy that ties years of service to the amount the USG contributes based on 22-tiers ranging from 100% for employees retiring with 30 years of service to 21% for employees retiring with 10 years of service.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return, Net of Inflation	Target Allocation
Fixed Income	—%	70%
Equity Allocation	4.51%	30%

Discount rate

The Plan's projected fiduciary net position at the end of 2023 is $0, based on the valuation completed for the fiscal year ending June 30, 2020. As such, the Plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current Plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2023. Therefore, the long-term expected rate of return on Plan investments of 3.75% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020. Instead, a yield or index rate for a 20 year, tax-exempt general obligation municipal bond with an average rating of AA or higher was used. This rate was determined to be 2.21% from the Bond Buyer.

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the Institute's proportionate share of the net OPEB liability, as well as what the Institute's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current discount rate (2.21%):

	1% Decrease 1.21%	Current Rate 2.21%	1% Increase 3.21%
Proportionate Share of the Net OPEB Liability	$ 1,010,321,197	$ 828,750,259	$ 683,436,035

Sensitivity of the net OPEB liability to changes in the health care cost trend rates

The following presents the Institute's proportionate share of the net OPEB liability, as well as what the Institute's proportionate share of the net OPEB liability would be if it were calculated using health care cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current health care cost trend rates:

	1% Decrease	Current Rate	1% Increase
Proportionate Share of the Net OPEB Liability	$ 687,163,015	$ 828,750,259	$ 1,008,282,346
Pre-Medicare Eligible	5.7% decreasing to 3.5%	6.7% decreasing to 4.5%	7.7% decreasing to 5.5%
Medicare Eligible	3.5%	4.5%	5.5%

OPEB plan fiduciary net position:

Detailed information about the Plan's fiduciary net position is available in the USG Annual Consolidated Financial Report which is publicly available at http://www.usg.edu/fiscal_affairs/financial_reporting/.

Note 18 Operating Expenses with Functional Classifications

Business-type activity operating expenses by functional classification for fiscal year 2021 are shown below:

	Natural Classification				
Functional Classification	Faculty Salaries	Staff Salaries	Employee Benefits	Other Personal Services	Travel
Instruction	$ 143,182,538	$ 78,964,864	$ 81,819,575	$ 635,319	$ 123,714
Research	341,218,978	150,570,791	171,940,679	1,548,171	3,361,593
Public Service	11,342,924	22,644,087	13,617,949	1,854,730	85,041
Academic Support	9,269,483	28,874,531	15,126,355	468,634	3,365
Student Services	716,508	14,998,077	6,062,661	40,095	1,969
Institutional Support	7,958,152	74,509,313	20,999,515	360,564	15,168
Plant Operations and Maintenance	824,589	33,995,711	14,769,212	6,743	7,126
Auxiliary Enterprises	—	21,464,563	6,403,417	2,954	1,275
Total Operating Expenses	$ 514,513,172	$ 426,021,937	$ 330,739,363	$ 4,917,210	$ 3,599,251

	Natural Classification				
Functional Classification	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/ Amortization	Total Operating Expenses
Instruction	$ 783,082	$ 660,936	$ 19,609,123	$ 6,948,551	$ 332,727,702
Research	837,696	2,887,909	313,742,698	56,235,815	1,042,344,330
Public Service	231,898	177,975	7,092,739	440,033	57,487,376
Academic Support	22,600	304,119	15,156,627	10,276,291	79,502,005
Student Services	—	108,521	8,799,408	2,644,642	33,371,881
Institutional Support	7,200	539,799	16,139,665	12,324,633	132,854,009
Plant Operations and Maintenance	—	15,288,902	106,342,311	15,679,911	186,914,505
Scholarships and Fellowships	39,942,217	—	22,444	440	39,965,101
Auxiliary Enterprises	—	8,363,026	37,912,806	14,208,870	88,356,911
Total Operating Expenses	$ 41,824,693	$ 28,331,187	$ 524,817,821	$ 118,759,186	$1,993,523,820

Note 19 Subsequent Events

In April 2019, the Board of Regents of the University System of Georgia (BOR) entered into a rental agreement with Georgia Tech Facilities, Inc., a component unit, for the Campus Center. The Campus Center is a student center complex which will be comprised of a student center, pavilion, exhibition hall, and café as part of Phase I of the Campus Center project. The existing Fred B. Wenn Student Center will undergo related improvements as part of Phase II of the Campus Center project. This collection of buildings will be a central point of resources, gathering, entertainment and restoration for the Georgia Tech Community. The total lease term is for thirty-one years. Semi-annual rental payments will include base rent and a repairs-and-replacement contribution. Total estimated rental payments for both phases of this project will be $203,997,229 over the lease period.

Construction on Phase I was completed in fiscal year 2021. The capital assets and associated capital lease liabilities for Phase I have been recorded on the Institute's books and rental payments commenced for this phase in fiscal year 2021. Construction on Phase II began July 2020 with an estimated completion date of May 2022. Rental payments for Phase II will begin in fiscal year 2023 with total estimated rental payments of $141,557,379 over the lease period. The capital assets and associated capital lease liabilities for Phase II will be recorded on the Institute's books once construction is complete and the certificate of occupancy is issued.

Note 20 Component Units

Related organizations promote, support, and assist Georgia Tech in its role as a leading education and research institution in accordance with stated Institute needs and goals. Together, they add significantly to Institute assets and revenues for programs and services, and ultimately enhance the Institute's performance of its mission. Governmental Accounting Standards Board (GASB) Codification Sections 2100 and 2600 require discrete reporting of legally separate, tax-exempt component units of the State of Georgia. Georgia Tech has five related organizations that are considered component units of the State of Georgia and, thus, are required to be reported in the Institute's financial statements. Although the Institute is not fiscally accountable for these entities, it has been determined that the nature and significance of the relationship between Georgia Tech and these organizations is such that exclusion from the Institute's financial statements would render them misleading. An annual audit of each component unit's financial statements is conducted by independent accounting firms. The five organizations included in this presentation are described below:

Georgia Tech Foundation, Inc.
The Georgia Tech Foundation (Foundation) is a legally separate, not-for-profit corporation under the laws of the state of Georgia. The purposes of the Foundation are to promote higher education in the state of Georgia, to raise and receive funds for the support and enhancement of the Institute, and to aid the Institute in its development as a leading educational institution.

The Foundation reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB audited financial statements were reclassified to the GASB presentation for these financial statements.

For the year ended June 30, 2021, the Foundation distributed $78.4 million to Georgia Tech in support of capital outlay projects, scholarships and other supporting activities. The Institute is obligated under various capital lease agreements with the Foundation, a related party. This information is disclosed in Note 13, Leases.

Georgia Tech Facilities, Inc.
The Georgia Tech Facilities, Inc. (GTFI) is a legally separate, not-for-profit corporation under the laws of the state of Georgia. The purpose of GTFI is to construct buildings and other facilities as may be appropriate to meet the needs and goals of the Georgia Institute of Technology. The activities of GTFI are limited to constructing and financing buildings and facilities for use by Georgia Tech. Funding for construction is obtained by the Organization from contributions or from financing with debt service funded by support from various sources.

GTFI reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB audited financial statements were reclassified to the GASB presentation for these financial statements.

For the year ended June 30, 2021, GTFI distributed $1,021,000 to the Institute for supporting activities. Georgia Tech is obligated under various capital lease agreements with GTFI, a related party. This information is disclosed in Note 13, Leases.

Georgia Tech Research Corporation
The Georgia Tech Research Corporation (Research Corporation) is a legally separate, not-for-profit corporation under the laws of the state of Georgia. The Research Corporation is organized and operated primarily as the contracting entity for all sponsored activities for colleges and other units at Georgia Tech for the purpose of soliciting grants and contracts, accepting grants, or entering into contracts for research or services to be performed by or in conjunction with the Institute or to be performed using Georgia Tech's facilities, and for related objectives. The Research Corporation reports under GASB standards.

For year ended June 30, 2021, the Research Corporation distributed $968 million to the Institute for research contracts sub-awarded to Georgia Tech. The Institute is obligated under various operating lease agreements with the Research Corporation, a related party. This information is disclosed in Note 13, Leases.

Georgia Tech Athletic Association
The Georgia Tech Athletic Association (Athletic Association) is a legally separate not-for-profit corporation under the laws of the state of Georgia. The primary purpose of the Athletic Association is to promote the educational programs of Georgia Tech through student body participation in healthful exercises, recreations, athletic games and contests. The Athletic Association's mission is to inspire and empower student-athletes to be champions of

academics, competition and life while emphasizing the four core values of excellence, innovation, teamwork and character. The Athletic Association reports under GASB standards.

For the year ended June 30, 2021, the Athletic Association distributed $41.2 million to the Institute for athletic scholarships and other supporting activities.

Georgia Advanced Technology Ventures, Inc.
The Georgia Advanced Technology Ventures (GATV) is a legally separate, not-for-profit corporation under the laws of the state of Georgia. GATV is a supporting organization of the Institute focused on technology, commercialization, economic development and relevant real estate development. GATV's primary business purpose is to facilitate innovation and business collaboration with private enterprise, including but not limited to business, industry, entrepreneurs and economic developers, and utilizing emerging technologies that are aligned with the strengths in research and education of Georgia Tech. GATV provides support for technology transfer and economic development activities, including the Institute's Advanced Technology Development Center (ATDC) incubator facilities and services to ATDC-affiliated companies.

GATV reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB audited financial statements were reclassified to the GASB presentation for these financial statements.

For the year ended June 30, 2021, GATV distributed $482,000 to the Institute for supporting activities. Georgia Tech is obligated under various operating lease agreements with GATV, a related party. This information is disclosed in Note 13, Leases.

Elimination/Consolidation Entries
The FASB reported amounts for Net Position, Investment in Direct Financing Leases and Rents and Royalties were collectively adjusted for the Foundation by $11,732,398 for external financial reporting purposes. Both Georgia Tech and The Foundation use the effective interest rate method to amortize leases. However, Georgia Tech uses the Sources and Uses of Funds and the average coupon rate which is a higher interest rate than the interest rate in the actual bond documents used by the Foundation. Thus, an adjustment was necessary for financial statement presentation.

The Athletic Association transferred assets to the Foundation to be managed on its behalf. Assets managed by the Foundation on behalf of the Athletic Association totaled $169,108,000 at June 30, 2021. The Foundation manages these assets using pooled investment funds. Interest, dividend income, and gains and losses earned on pooled funds are allocated equitably based on the fair value of the assets of each entity that participates in the pooled investment funds. The Athletic Association is entitled to all earnings on these assets; however, distributions are made by the Foundation to the Athletic Association only when requested.

The Foundation, GTFI, and GTRC had net adjustments totaling $6,527,109 between current and noncurrent due to and due from component unit categories for financial statement presentation.

Combined investments for Component Units are comprised of the following amounts at June 30, 2021:

	Fair Value	Level 1	Level 3	NAV
Investment type				
Debt Securities				
U.S. Treasuries	$ 5,462,252	$ 5,462,252	$ —	$ —
Bond Securities	22,767,000	22,708,000	—	59,000
Money Market Mutual Funds	137,481,000	137,481,000	—	—
Other Investments				
Equity Securities - Domestic	329,342,000	329,183,000	—	159,000
Equity Securities - International	505,528,000	470,750,000	—	34,778,000
Real Estate Held for Investment Purposes	68,050,000	—	68,050,000	—
Real Estate Investment Trusts	53,323,000	—	—	53,323,000
Other	1,514,271,582	7,825,000	934,582	1,505,512,000
	$2,636,224,834	$ 973,409,252	$ 68,984,582	$1,593,831,000
Reported as cash and cash equivalents on the Statement of Net Position				
Investment Pools				
Board of Regents				
Short-Term Fund	16,617,136			
Total Investments	$2,652,841,970			

Combined endowments for Component Units are comprised of the following amounts at June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning Balance	$ 104,201,000	$1,356,934,000	$1,461,135,000
Contributions	5,416,000	52,122,000	57,538,000
Net realized and unrealized gains	39,972,000	518,937,000	558,909,000
Appropriation of endowment assets for expenditure	(4,455,000)	(60,138,000)	(64,593,000)
Other	2,224,000	1,288,000	3,512,000
Ending Balance	$ 147,358,000	$1,869,143,000	$2,016,501,000

Combined amounts due to Component Units from Georgia Tech and other entities for direct financing leases as of June 30, 2021 are as follows:

Year Ending June 30:	Year:	Total
2022	1	$ 37,252,761
2023	2	35,980,797
2024	3	36,830,009
2025	4	37,304,022
2026	5	36,151,450
2027 through 2031	6-10	183,436,819
2032 through 2036	11-15	103,170,864
2037 through 2041	16-20	85,156,932
2042 through 2046	21-25	49,706,202
2047 through 2051	26-30	37,901,372
2052 through 2056	31-35	13,726,267
Thereafter	36-99	297,004,960
Total Minimum Lease Payments to be Received		953,622,455
Unearned Income		(522,221,421)
Net Investment in Direct Financing Lease Receivable		$ 431,401,034

Combined capital assets for Component Units are comprised of the following amounts at June 30, 2021:

Capital Assets not being Depreciated:	
Land	$ 97,906,945
Capitalized Collections	4,114,735
Construction Work-in-Progress	59,836,347
Total Capital Assets not being Depreciated	161,858,027
Capital Assets, Being Depreciated/Amortized:	
Infrastructure	3,824,225
Building and Building Improvements	387,531,888
Facilities and Other Improvements	14,297,629
Equipment	25,243,918
Capital Leases	66,936,210
Software	1,262,977
Total Capital Assets being Depreciated/Amortized	499,096,847
Less Total Accumulated Depreciation/Amortization	181,298,797
Total Capital Assets being Depreciated/Amortized, Net	317,798,050
Capital Assets, Net	$ 479,656,077

Combined long-term liabilities for Component Units includes the following amounts at June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within One Year
Claims and Judgments	$ 603,932	$ —	$ 234,256	$ 369,676	$ 250,000
Compensated Absences	451,000	318,000	227,000	542,000	542,000
Lease Purchase Obligation (Capital Lease)	55,006,947	392,855	3,216,470	52,183,332	3,142,894
Liabilities under Split Interest Agreement	18,049,000	8,538,000	1,971,000	24,616,000	1,971,000
Notes and Loans Payable	120,397,188	1,296,680	3,786,528	117,907,340	32,414,285
Note (Discount)	(352,000)	58,000	—	(294,000)	—
Revenue/Mortgage Bonds Payable	978,850,000	14,730,000	163,085,000	830,495,000	27,590,000
Bond - Premium	68,174,872	3,612,688	6,738,168	65,049,392	—
Bond - (Discount and Issuance Cost)	(23,931,895)	(202,863)	(2,919,698)	(21,215,060)	—
Total Long Term Liabilities	$1,217,249,044	$ 28,743,360	$ 176,338,724	$ 1,069,653,680	$ 65,910,179

Combined capital lease obligations for component units are comprised of the following amounts at June 30, 2021:

Year ending June 30:		
2022	1	$ 5,853,246
2023	2	5,935,185
2024	3	5,728,467
2025	4	5,801,124
2026	5	5,116,795
2027 through 2031	6-10	27,208,999
2032 through 2036	11-15	16,305,214
Total minimum lease payments		71,949,030
Less: Interest		19,765,698
Principal Outstanding		$ 52,183,332

Combined notes and loans payable for Component Units are comprised of the following amounts at June 30, 2021:

		Principal	Interest	Total
Year ending June 30:				
2022	1	$ 32,414,285	$ 4,282,037	$ 36,696,322
2023	2	4,320,389	3,991,871	8,312,260
2024	3	45,314,391	3,124,829	48,439,220
2025	4	2,659,665	1,651,727	4,311,392
2026	5	2,644,002	1,586,914	4,230,916
2027 through 2031	6-10	29,005,592	3,594,591	32,600,183
2032 through 2036	11-15	1,549,016	140,784	1,689,800
		117,907,340	18,372,753	136,280,093
Note (Discount)/Cost of Issuance		(294,000)	—	(294,000)
Total		$ 117,613,340	$ 18,372,753	$ 135,986,093

Combined bonds payable for Component Units are comprised of the following amounts at June 30, 2021:

		Principal	Interest	Total
Year ending June 30:				
2022	1	$ 27,590,000	$ 35,701,527	$ 63,291,527
2023	2	27,055,000	34,476,907	61,531,907
2024	3	29,900,000	33,249,527	63,149,527
2025	4	32,810,000	31,882,938	64,692,938
2026	5	33,130,000	30,381,875	63,511,875
2027 through 2031	6-10	177,815,000	127,007,824	304,822,824
2032 through 2036	11-15	123,460,000	89,260,612	212,720,612
2037 through 2041	16-20	134,575,000	63,108,747	197,683,747
2042 through 2046	21-25	112,640,000	36,364,743	149,004,743
2047 through 2051	26-30	127,440,000	12,002,685	139,442,685
2052 through 2056	31-35	4,080,000	204,000	4,284,000
		830,495,000	493,641,385	1,324,136,385
Bond Premium		65,049,392	—	65,049,392
Bond (Discount and Other Issuance Cost)		(21,215,060)	—	(21,215,060)
Total		$ 874,329,332	$ 493,641,385	$ 1,367,970,717

Required Supplementary Information

GEORGIA INSTITUTE OF TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
DEFINED BENEFIT PENSION PLANS
FOR THE LAST TEN YEARS

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Employees' Retirement System	June 30, 2021	$ 346,960	$ 346,960	$ —	$ 1,406,975	24.66 %
	June 30, 2020	$ 286,161	$ 286,161	$ —	$ 1,159,896	24.67 %
	June 30, 2019	$ 247,003	$ 247,003	$ —	$ 996,845	24.78 %
	June 30, 2018	$ 281,114	$ 281,114	$ —	$ 1,132,404	24.82 %
	June 30, 2017	$ 326,303	$ 326,303	$ —	$ 1,306,263	24.98 %
	June 30, 2016	$ 333,318	$ 333,318	$ —	$ 1,337,706	24.92 %
	June 30, 2015	$ 265,180	$ 265,180	$ —	$ 1,206,149	21.99 %
	June 30, 2014	$ 196,257	$ 196,257	$ —	$ 1,094,942	17.92 %
	June 30, 2013	$ 153,729	$ 153,729	$ —	$ 1,038,464	14.80 %
	June 30, 2012	$ 105,626	$ 105,626	$ —	$ 900,481	11.73 %
Teachers Retirement System	June 30, 2021	$ 63,409,435	$ 63,409,435	$ —	$ 332,668,173	19.06 %
	June 30, 2020	$ 68,762,856	$ 68,762,856	$ —	$ 324,637,257	21.18 %
	June 30, 2019	$ 63,347,815	$ 63,347,815	$ —	$ 302,967,368	20.91 %
	June 30, 2018	$ 48,433,865	$ 48,433,865	$ —	$ 288,778,252	16.77 %
	June 30, 2017	$ 38,573,130	$ 38,573,130	$ —	$ 270,480,254	14.26 %
	June 30, 2016	$ 35,868,907	$ 35,868,907	$ —	$ 251,089,879	14.29 %
	June 30, 2015	$ 31,122,618	$ 31,122,618	$ —	$ 236,515,744	13.16 %
	June 30, 2014	$ 27,139,593	$ 27,139,593	$ —	$ 221,162,197	12.27 %
	June 30, 2013	$ 24,374,980	$ 24,374,980	$ —	$ 213,368,556	11.42 %
	June 30, 2012	$ 21,634,408	$ 21,634,408	$ —	$ 210,451,440	10.28 %

GEORGIA INSTITUTE OF TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS
FOR THE LAST SEVEN FISCAL YEARS*

	Year Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Employees' Retirement	June 30, 2021	0.046004 %	$ 1,939,049	$ 1,159,896	167.17 %	76.21 %
System	June 30, 2020	0.039546 %	$ 1,631,878	$ 996,845	163.70 %	76.74 %
	June 30, 2019	0.043585 %	$ 1,791,794	$ 1,132,404	158.23 %	76.68 %
	June 30, 2018	0.052022 %	$ 2,112,788	$ 1,306,263	161.74 %	76.33 %
	June 30, 2017	0.055955 %	$ 2,646,907	$ 1,337,706	197.87 %	72.34 %
	June 30, 2016	0.047215 %	$ 1,906,547	$ 1,206,149	158.07 %	76.20 %
	June 30, 2015	0.047000 %	$ 1,770,854	$ 1,094,942	161.73 %	77.99 %
Teachers Retirement	June 30, 2021	2.518402 %	$ 610,055,535	$ 324,637,257	187.92 %	77.01 %
System	June 30, 2020	2.481423 %	$ 533,573,043	$ 302,967,368	176.12 %	78.56 %
	June 30, 2019	2.420015 %	$ 449,206,621	$ 288,778,252	155.55 %	80.27 %
	June 30, 2018	2.351530 %	$ 437,039,093	$ 270,480,254	161.58 %	79.33 %
	June 30, 2017	2.288606 %	$ 472,164,936	$ 251,089,879	188.05 %	76.06 %
	June 30, 2016	2.239970 %	$ 341,013,190	$ 236,515,744	144.18 %	81.44 %
	June 30, 2015	2.166000 %	$ 273,684,569	$ 221,162,197	123.75 %	84.03 %

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

GEORGIA INSTITUTE OF TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
DEFINED BENEFIT PENSION PLANS
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2021

Changes of assumptions

Employees' Retirement System:
Changes of assumptions: On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases.

On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 Measurement Date. The assumed investment rate of return remained at 7.30% for the June 30, 2019 actuarial valuation.

Changes of benefit terms: A new benefit tier was added for members joining the System on and after July 1, 2009. A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2016, and a one-time 3% payment was granted to certain retirees and beneficiaries effective July 2017. Two one-time 2% payments were granted to certain retirees and beneficiaries effective July 2018 and January 2019. Two one-time 3% payments were granted to certain retirees and beneficiaries effective July 2019 and January 2020.

Teachers Retirement System:
Changes of assumptions: In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males).

On May 15, 2019, the Board adopted and recommended changes from the smoothed valuation interest rate methodology that has been in effect since June 30, 2009, to a constant interest rate method. In conjunction with the methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.50% to 7.25%, and the assumed annual rate of inflation has been reduced from 2.75% to 2.50%.

In 2019 and later, the expectation of retired life mortality was changed to the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table from the RP-2000 Mortality Tables. In 2019, the rates of withdrawal, retirement, and disability and mortality were adjusted to more closely reflect actual experience.

GEORGIA INSTITUTE OF TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FOR OPEB PLAN
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST FIVE YEARS*

Year Ended	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b/c)
June 30, 2021	$ 18,738,348	$ 18,738,348	$ —	$ 799,876,400	2.34%
June 30, 2020	$ 15,971,762	$ 15,971,762	$ —	$ 784,908,579	2.03%
June 30, 2019	$ 24,616,725	$ 24,616,725	$ —	$ 701,902,432	3.51%
June 30, 2018	$ 23,699,671	$ 23,699,671	$ —	$ 677,223,508	3.50%
June 30, 2017	$ 14,811,541	$ 14,811,541	$ —	$ 638,812,645	2.32%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

GEORGIA INSTITUTE OF TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST FOUR YEARS*

Year Ended	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Employee Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
June 30, 2021	15.537943 %	$ 828,750,259	$ 784,908,579	105.59 %	2.91 %
June 30, 2020	15.348712 %	$ 686,328,093	$ 701,902,432	97.78 %	3.13 %
June 30, 2019	14.960031 %	$ 659,849,732	$ 677,223,508	97.43 %	1.69 %
June 30, 2018	14.873429 %	$ 627,617,932	$ 638,812,645	98.25 %	0.19 %

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

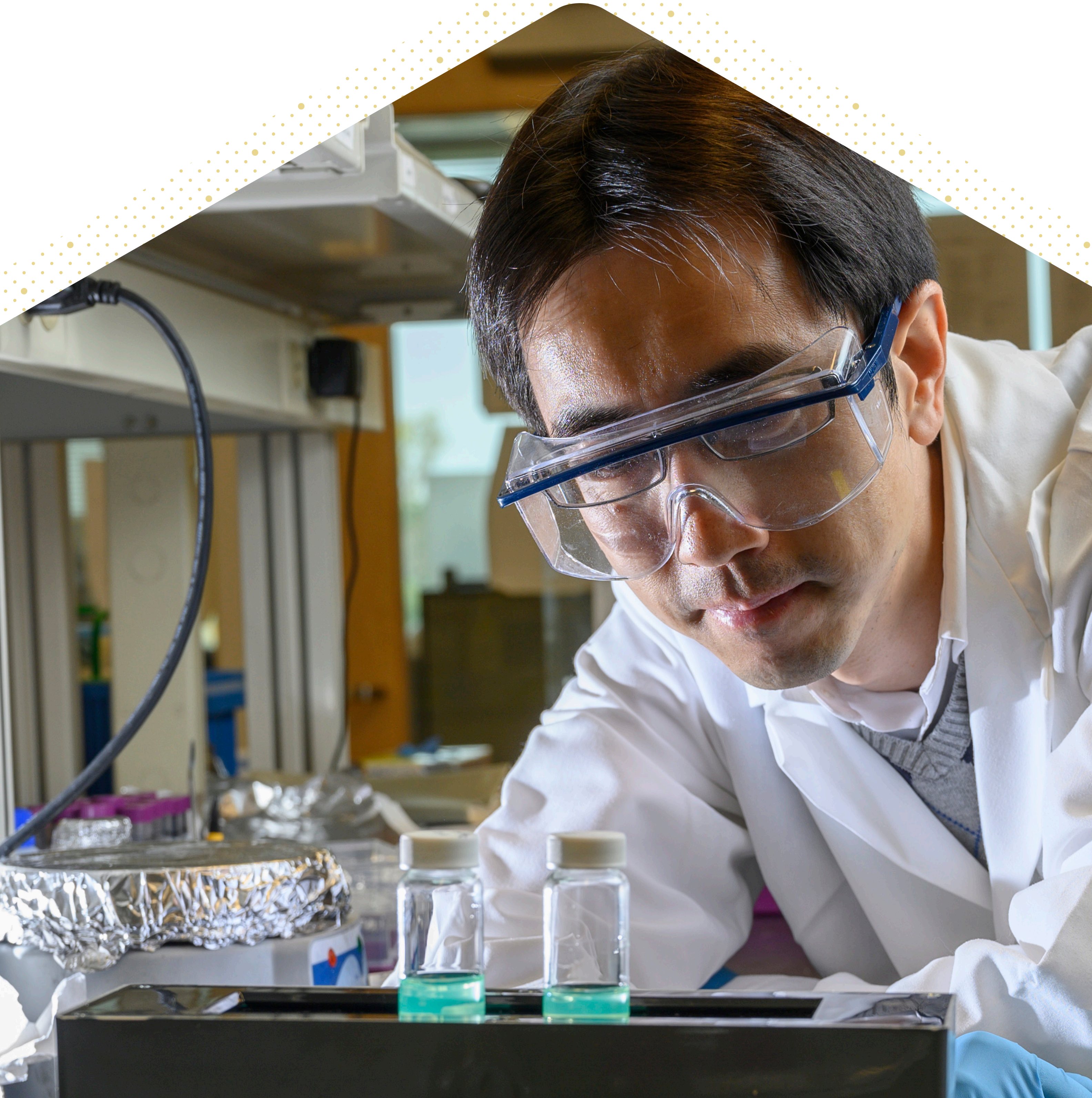
GEORGIA INSTITUTE OF TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION FOR OPEB PLAN
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2021

Changes in Assumptions Since Prior Valuation

Expected claims costs were updated to reflect actual claims experience. Trend rate schedule was updated to remove excise tax adjustments. Mortality improvement scale was updated from MP-2018 to MP-2019. The discount rate was update from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020. The withdrawal rates were updated to better reflect the anticipated future experience as the result of an assumption study. The coverage election assumption was updated to better reflect anticipated future experience as the result of an assumption study. The spousal coverage assumption and the spousal age difference assumption were updated to better reflect anticipated future experience as the result of an assumption study.

Plan Changes:
HRA cost sharing for employees hired on or after January 1, 2013 and retiring after January 1, 2018 is based on a policy that ties years of service to the amount the USG contributes based on 22-tiers ranging from 100% for employees retiring with 30 years of service to 21% for employees retiring with 10 years of service.

Supplementary Information



GEORGIA INSTITUTE OF TECHNOLOGY
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUNDS
JUNE 30, 2021
(UNAUDITED)

ASSETS		
Cash and Cash Equivalents	$	118,384,862.83
Accounts Receivable		
Federal Financial Assistance		13,572,009.62
Other		134,705,477.70
Prepaid Expenditures		9,361,705.12
Inventories		522,406.90
Total Assets	$	276,546,462.17
LIABILITIES AND FUND EQUITY		
Liabilities		
Accrued Payroll	$	3,449,660.80
Encumbrance Payable		101,548,469.97
Accounts Payable		52,252,838.72
Unearned Revenue		25,675,427.05
Other Liabilities		12,277.55
Total Liabilities		182,938,674.09
Fund Balances		
Reserved		
Department Sales and Services		28,465,980.43
Indirect Cost Recoveries		45,400,917.83
Technology Fees		2,209,983.36
Restricted/Sponsored Funds		1,663,438.47
Uncollectible Accounts Receivable		5,660,466.27
Inventories		552,347.92
Tuition Carry - Forward		8,953,634.97
Unreserved		
Surplus		701,018.83
Total Fund Balances		93,607,788.08
Total Liabilities and Fund Balances	$	276,546,462.17

Actual amounts were prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a special purpose framework.

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET (NON-GAAP BASIS)
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

			Funds Available Compared to Budget		
	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Reserve Carry-Over	Program Transfers or Adjustments
Enterprise Innovation Institute					
State Appropriation					
State General Funds	$ 9,459,608.00	$ 9,435,472.00	$ 9,435,472.00	$ —	$ —
Covid Related Funds					
Other Federal Stimulus Funds	—	1,200,000.00	760,458.16	—	—
Other Funds	17,400,000.00	16,279,428.00	13,553,602.41	1,287,575.71	—
Total Enterprise Innovation Institute	26,859,608.00	26,914,900.00	23,749,532.57	1,287,575.71	—
Georgia Tech Research Institute					
State Appropriation					
State General Funds	5,490,643.00	5,849,684.00	5,849,684.00	—	—
Covid Related Funds					
Other Federal Stimulus Funds	—	252,735.00	140,497.69	—	—
Other Funds	506,980,336.00	677,513,934.00	612,077,726.85	4,162,178.10	—
Total Georgia Tech Research Institute	512,470,979.00	683,616,353.00	618,067,908.54	4,162,178.10	—
Teaching					
State Appropriation					
State General Funds	305,426,188.00	321,574,558.00	321,574,558.00	—	—
Covid Related Funds					
Other Federal Stimulus Funds	—	18,234,835.00	18,089,146.00	—	—
Other Funds	1,016,653,000.00	1,153,903,165.00	986,383,091.74	80,042,094.01	339,323.45
Total Teaching	1,322,079,188.00	1,493,712,558.00	1,326,046,795.74	80,042,094.01	339,323.45
Total Operating Activity	$1,861,409,775.00	$2,204,243,811.00	$1,967,864,236.85	$ 85,491,847.82	$ 339,323.45

Actual amounts were prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a special purpose framework.

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET (NON-GAAP BASIS)
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Funds Available Compared to Budget		Expenditures Compared to Budget		
	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	Excess (Deficiency) of Funds Available Over/(Under) Expenditures
Enterprise Innovation Institute					
State Appropriation					
State General Funds	$ 9,435,472.00	$ —	$ 9,435,472.00	$ —	$ —
Covid Related Funds					
Other Federal Stimulus Funds	760,458.16	(439,541.84)	760,458.16	439,541.84	—
Other Funds	14,841,178.12	(1,438,249.88)	11,600,432.56	4,678,995.44	3,240,745.56
Total Enterprise Innovation Institute	25,037,108.28	(1,877,791.72)	21,796,362.72	5,118,537.28	3,240,745.56
Georgia Tech Research Institute					
State Appropriation					
State General Funds	5,849,684.00	—	5,849,684.00	—	—
Covid Related Funds					
Other Federal Stimulus Funds	140,497.69	(112,237.31)	140,497.69	112,237.31	—
Other Funds	616,239,904.95	(61,274,029.05)	607,971,610.98	69,542,323.02	8,268,293.97
Total Georgia Tech Research Institute	622,230,086.64	(61,386,266.36)	613,961,792.67	69,654,560.33	8,268,293.97
Teaching					
State Appropriation					
State General Funds	321,574,558.00	—	321,574,558.00	—	—
Covid Related Funds					
Other Federal Stimulus Funds	18,089,146.00	(145,689.00)	18,089,146.00	145,689.00	—
Other Funds	1,066,764,509.20	(87,138,655.80)	991,186,545.16	162,716,619.84	75,577,964.04
Total Teaching	1,406,428,213.20	(87,284,344.80)	1,330,850,249.16	162,862,308.84	75,577,964.04
Total Operating Activity	$ 2,053,695,408.12	$ (150,548,402.88)	$ 1,966,608,404.55	$ 237,635,406.45	$ 87,087,003.57

Actual amounts were prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a special purpose framework.

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE (NON-GAAP BASIS)
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Beginning Fund Balance/(Deficit)	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2020 Surplus	Prior Year Adjustments	Other Adjustments
Enterprise Innovation Institute					
Development Institute					
State Appropriation					
State General Funds	$ 64.62	$ —	$ (64.62)	$ —	$ —
Other Funds	1,287,575.71	(1,287,575.71)	—	—	(4,821.33)
Total Enterprise Innovation Institute	1,287,640.33	(1,287,575.71)	(64.62)	—	(4,821.33)
Georgia Tech Research Institute					
State Appropriation					
State General Funds	3,352.50	—	(3,352.50)	4,187.37	—
Other Funds	4,162,178.10	(4,162,178.10)	—	—	—
Total Georgia Tech Research Institute	4,165,530.60	(4,162,178.10)	(3,352.50)	4,187.37	—
Teaching					
State Appropriation					
State General Funds	14,681,895.05	—	(14,681,895.05)	230,764.12	
Other Funds	81,871,217.21	(80,042,094.01)	(1,829,123.20)	466,067.34	(388,227.18)
Total Teaching	96,553,112.26	(80,042,094.01)	(16,511,018.25)	696,831.46	(388,227.18)
Total Operating Activity	102,006,283.19	(85,491,847.82)	(16,514,435.37)	701,018.83	(393,048.51)
Prior Year Reserves					
Not Available for Expenditure					
Inventories	614,839.05	—	—	—	(62,491.13)
Uncollectible Accounts Receivable	5,204,926.63	—	—	—	455,539.64
Budget Unit Totals	$ 107,826,048.87	$ (85,491,847.82)	$ (16,514,435.37)	$ 701,018.83	$ —

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GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF CHANGES TO FUND BALANCE (NON-GAAP BASIS)
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Early Return of Fiscal Year 2021 Surplus	Excess (Deficiency) of Funds Available Over/(Under) Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
Enterprise Innovation Institute						
Development Institute						
State Appropriation						
State General Funds	$ —	$ —	$ —	$ —	$ —	$ —
Other Funds	—	3,240,745.56	3,235,924.23	3,235,924.23	—	3,235,924.23
Total Enterprise Innovation Institute	—	3,240,745.56	3,235,924.23	3,235,924.23	—	3,235,924.23
Georgia Tech Research Institute						
State Appropriation						
State General Funds	—	—	4,187.37	—	4,187.37	4,187.37
Other Funds	—	8,268,293.97	8,268,293.97	8,268,293.97	—	8,268,293.97
Total Georgia Tech Research Institute	—	8,268,293.97	8,272,481.34	8,268,293.97	4,187.37	8,272,481.34
Teaching						
State Appropriation						
State General Funds	—	—	230,764.12	—	230,764.12	230,764.12
Other Funds	—	75,577,964.04	75,655,804.20	75,189,736.86	466,067.34	75,655,804.20
Total Teaching	—	75,577,964.04	75,886,568.32	75,189,736.86	696,831.46	75,886,568.32
Total Operating Activity	—	87,087,003.57	87,394,973.89	86,693,955.06	701,018.83	87,394,973.89
Prior Year Reserves						
Not Available for Expenditure						
Inventories	—	—	552,347.92	552,347.92	—	552,347.92
Uncollectible Accounts Receivable	—	—	5,660,466.27	5,660,466.27	—	5,660,466.27
Budget Unit Totals	$ —	$ 87,087,003.57	$ 93,607,788.08	$ 92,906,769.25	$ 701,018.83	$ 93,607,788.08

	Reserved	Surplus/(Deficit)	Total
Departmental Sales and Services	$ 28,465,980.43	$ —	$ 28,465,980.43
Indirect Cost Recovery	45,400,917.83	—	45,400,917.83
Technology Fees	2,209,983.36	—	2,209,983.36
Restricted/Sponsored Funds	1,663,438.47	—	1,663,438.47
Tuition Carry-Forward	8,953,634.97	—	8,953,634.97
Uncollectible Accounts Receivable	5,660,466.27	—	5,660,466.27
Inventories	552,347.92	—	552,347.92
Surplus	—	701,018.83	701,018.83
	$ 92,906,769.25	$ 701,018.83	$ 93,607,788.08

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Georgia Tech