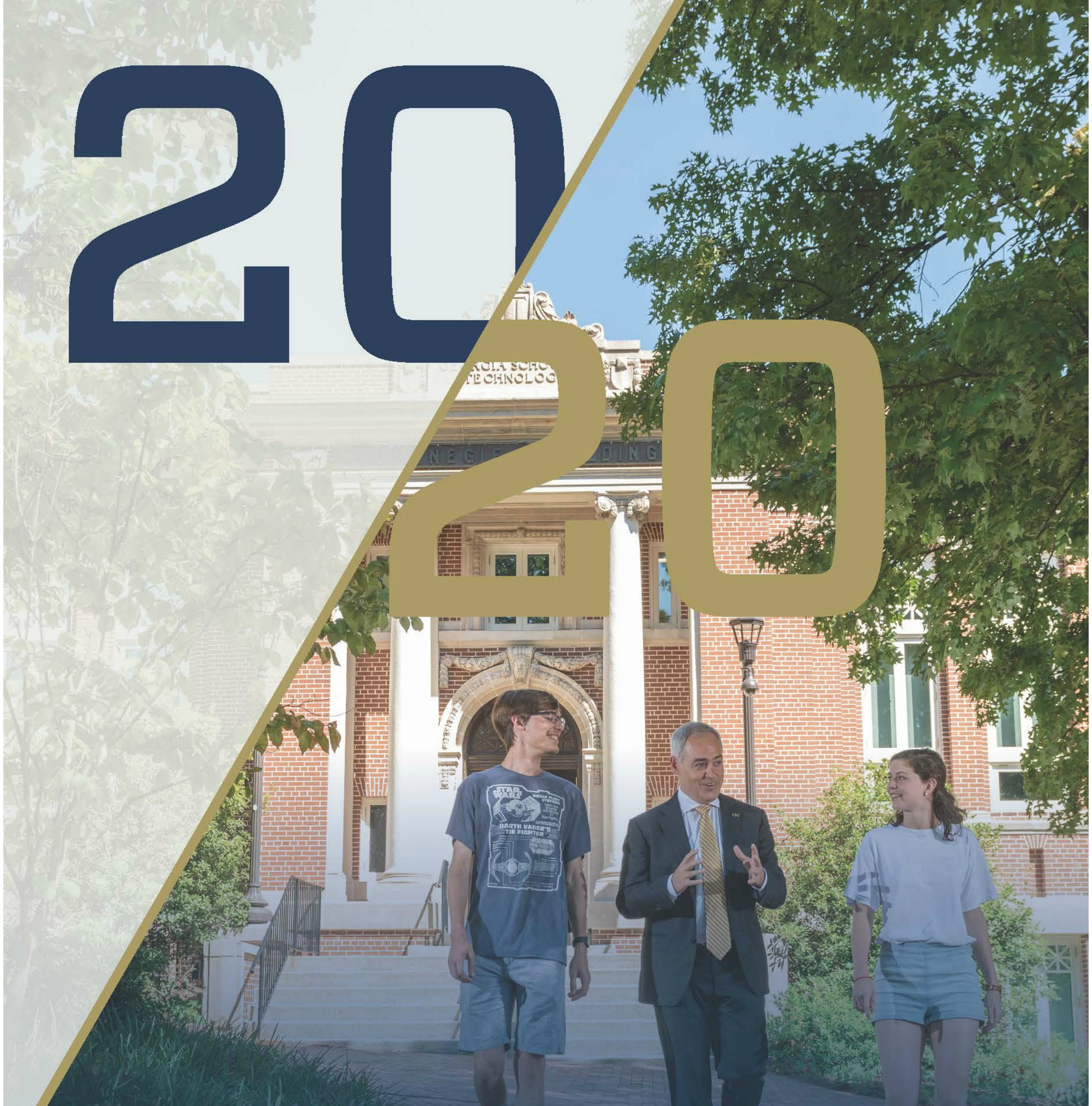
2020



GEORGIA INSTITUTE OF TECHNOLOGY

ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2020
INCLUDING INDEPENDENT AUDITOR'S REPORT

Georgia Tech
CREATING THE NEXT

GEORGIA INSTITUTE OF TECHNOLOGY
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For the Fiscal Year Ended June 30, 2020

INTRODUCTORY SECTION

2020

Message from the President

For the past year thousands of members of the Georgia Tech community have contributed to a new 10-year strategic plan to be launched fall 2020. The plan is grounded on a new mission statement that was approved by the Board of Regents in May and reaffirms our commitment to “developing leaders who advance technology and improve the human condition.”

When we were first developing our mission statement, we had no idea the degree to which it would be tested in the Covid-19 pandemic. In spring 2020 the people of Georgia Tech exhibited resilience, unity in purpose and a sense of community as we transformed 100 percent of the teaching to remote learning over a two-week period, and then quickly began the vital work of helping our state, our nation and the world respond to the pandemic. Colleagues throughout the campus immediately turned the focus of numerous labs along with student maker spaces to solve new problems. They designed, manufactured and distributed new personal protective equipment, tested new antiviral procedures using cutting-edge RNA technology, designed new equipment needed by hospitals and first responders, and developed analytical tools that are being used by organizations like the Centers for Disease Control and Prevention (CDC). Thanks to our faculty, staff and students, 1.8 million pieces of personal protective equipment and 7,000 gallons of redesigned hand sanitizer have been delivered to healthcare workers to date, in addition to many other life-saving innovations created by our faculty, staff and students.

Almost 36,500 students enrolled at Georgia Tech in fall 2019 representing all 50 states and 149 countries. Sixty-one percent of undergraduates were from Georgia. Much of our enrollment growth continues to be at the graduate level through our online master’s degree programs in computer science, analytics, and cybersecurity. Over the past five years we have had a 77% increase in master’s degrees awarded, a 15% increase in Bachelor’s, and a 2% decrease in PhDs, for an overall increase of 36%.

As part of Georgia Tech’s commitment to mental health in August 2019 we opened our Center for Assessment, Referral and Education (CARE). It serves as a single point of entry for mental health services on and off campus. The center is serving as a valuable resource for students during the pandemic by offering online and in-person resources.

In October, we dedicated the Kendeda Building for Innovative Sustainable Design made possible through a gift of $30 million from The Kendeda Fund. The Kendeda Building is an incredible example of sustainable design, integration with nature, human inclusion and well-being. It is the most sustainable building of its kind in the Southeast, and will inspire architects, civil engineers, business and policy leaders for generations to come.

Through a concerted focus on student success, Georgia Tech continues to meet its goals for Complete College Georgia. Our first-to-second-year retention rate was 97% for the fourth year in a row. Our six-year graduation rate was a record high 90%. Historic highs were attained for the five-year graduation rate at 86% and the four-year graduation rate at 51%, placing Georgia Tech among the leaders in the University System of Georgia.

In 2019-20, a record high 8,535 degrees were awarded, and 85% of the degrees earned by undergraduates were in STEM disciplines. In December 2019 Georgia Tech recognized its 100,000th living engineering graduate. The Institute has the largest engineering and computing programs in the U.S., along with outstanding programs in business, design, liberal arts, and sciences.

Graduates continue to be in demand, as reflected in our survey of Spring 2020 undergraduate degree recipients. Employment offers were made to 80% of our undergraduates at the time they graduated, with 75% having a job lined up at the time surveyed. The median starting salary for Georgia Tech bachelor's degree recipients in fiscal year 2020 was $75,000.

Georgia Tech consistently ranks among the top U.S. universities in the volume of research conducted, and in 2019, sponsored research awards surpassed $1 billion to help address critical challenges. New initiatives in enterprise-level artificial intelligence, advanced manufacturing, quantum technologies, and hypersonics are helping meet critical national goals. GTRI generates 61% of Tech's total research awards and has had a leading role in numerous innovations to fight Covid-19.

We are continuing to build an innovation ecosystem. Research activity and opportunities to work with our students and faculty continue to fuel innovation and entrepreneurial activity in Tech Square, other innovation neighborhoods surrounding the Atlanta campus, and throughout the state.

In May 2020 Microsoft announced a large technology and innovation hub focused on artificial intelligence and cloud computing, to be located at Atlantic Station. This growth originated in Tech Square, first in the Centergy Building and then Coda. In addition, Google announced an expansion on West Peachtree just a few blocks away.

Our economic development unit, the Enterprise Innovation Institute (EI^2), serves all of Georgia through a variety of services and programs designed to create, accelerate and grow Georgia's tech-based economy. EI^2 is the nation's largest and most comprehensive university-based economic development organization, with more than 150 Georgia Tech extension professionals serving throughout the state. In 2019, EI^2's programs served more than 9,599 businesses, communities and entrepreneurs. Those clients reported startup investment capital exceeding $456 million and reported creating or saving 16,304 jobs. For all of 2019, EI^2's total financial impact exceeded $2.96 billion. EI^2's dozen programs are comprehensive in scope and address various sectors and industries, all with an innovation-led focus to support and strengthen economic development in Georgia.

Georgia Tech is committed to serving as a strategic asset for Atlanta and Georgia in education, research, and public service, a national resource for science and technology, and a global hub of innovation.

Ángel Cabrera
President
Georgia Institute of Technology

Letter of Transmittal

September 21, 2020

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, 2020, 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, 2020.

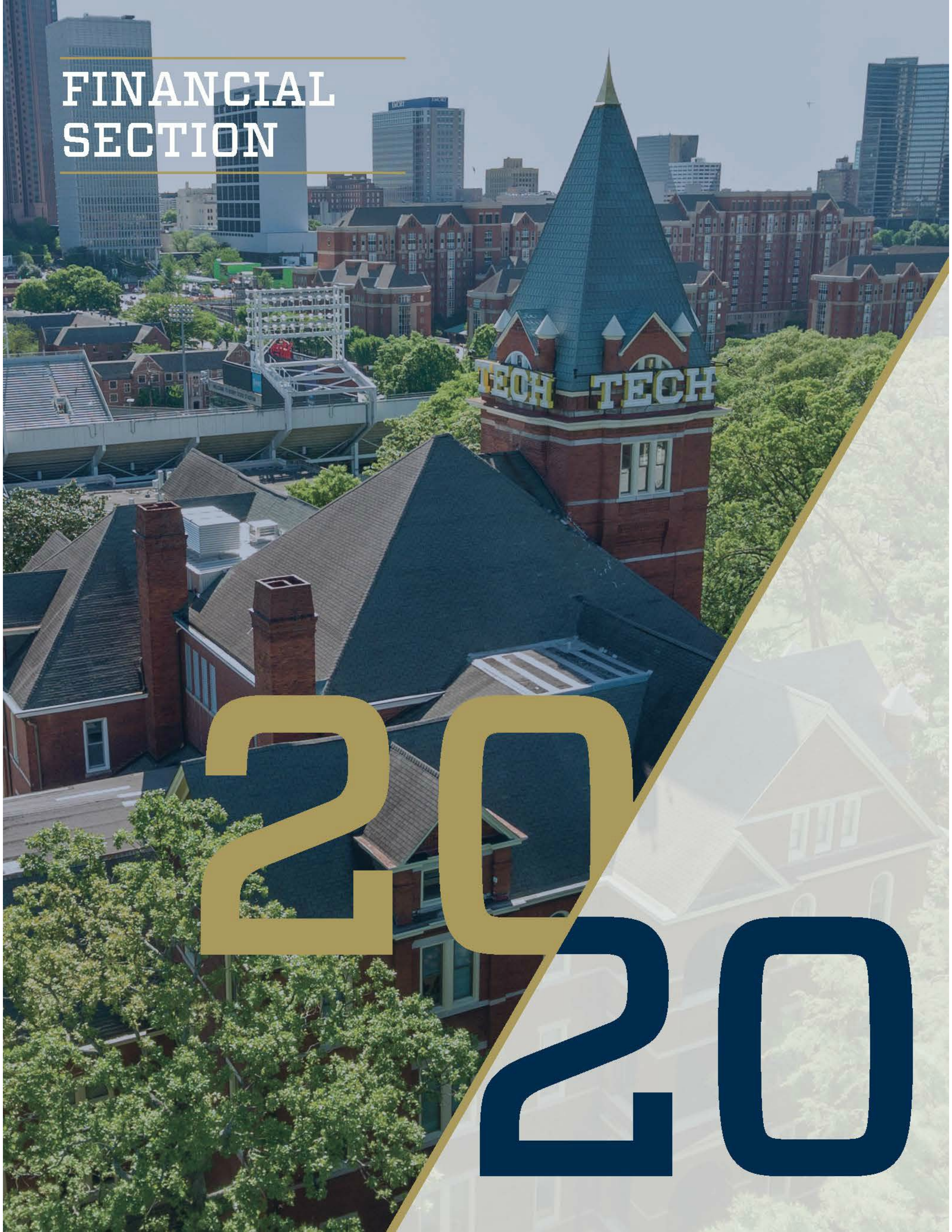
Georgia Tech's management is responsible for the accuracy of this information and for the completeness and fairness of its presentation, including all disclosures. We believe the information is accurate and fairly presents the Institute's financial position, revenues, expenses and other changes in net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

Sincerely,

Kelly Fox
Executive Vice President
Administration and Finance

FINANCIAL SECTION



2020

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 aggregate remaining fund information of the Georgia Institute of Technology (Institute) as of and for the year ended June 30, 2020, 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 aggregate discretely presented component units' financial statements, except for the Georgia Tech Research Corporation, in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 aggregate remaining fund information of the Institute as of June 30, 2020, 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 Institute financial statements 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 aggregate remaining fund information 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, 2020, 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.

Supplementary and 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 listed in the table of contents is presented for 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, based on our audit, the procedures performed as described above, the accompanying supplementary 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 15, 2020 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 in the office of the State Auditor 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

Greg S. Griffin
State Auditor

December 15, 2020

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 more than 36,000 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 five public universities by *U.S. News & World Report*. It 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. 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 65 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 as well as an international scale. Georgia Tech's drive to "Create the Next" distinguishes us as a distinctively different kind of 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 lifetime education.

The Institute continues to have stable student and faculty populations as indicated by the comparison numbers that follow.

	FACULTY	STUDENT HEADCOUNT	STUDENT FTE
Fiscal Year 2020	1,419	36,489	28,319
Fiscal Year 2019	1,409	32,723	26,377
Fiscal Year 2018	1,384	29,369	24,690

Overview of the Financial Statements and Financial Analysis

The Institute is pleased to present its financial statements for fiscal year 2020. 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: Statement of Fiduciary Net Position and 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 year. Comparative data is provided for fiscal year 2020 and fiscal year 2019 for business-type activities.

Statement of Net Position

The Statement of Net Position is a financial condition snapshot as of June 30, 2020 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 as 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 financial position as of June 30, 2020 and June 30, 2019 is as follows:

CONDENSED STATEMENT OF NET POSITION	June 30, 2020	June 30, 2019
ASSETS		
Current Assets	$ 561,111,306	$ 542,651,319
Capital Assets, Net	2,138,222,415	2,036,562,119
Other Assets	98,223,389	99,192,145
TOTAL ASSETS	2,797,557,110	2,678,405,583
DEFERRED OUTFLOWS OF RESOURCES	248,665,097	201,927,835
LIABILITIES		
Current Liabilities	184,443,769	191,511,308
Non-Current Liabilities	1,740,607,492	1,589,441,266
TOTAL LIABILITIES	1,925,051,261	1,780,952,574
DEFERRED INFLOWS OF RESOURCES	94,863,024	87,570,926
NET POSITION		
Net Investment in Capital Assets	1,606,259,990	1,551,459,418
Restricted, Nonexpendable	70,499,912	70,991,897
Restricted, Expendable	26,243,327	30,214,850
Unrestricted (Deficit)	(676,695,307)	(640,856,247)
TOTAL NET POSITION	$ 1,026,307,922	$ 1,011,809,918

The amounts reported for fiscal year 2019 were not adjusted for the restatement of beginning net position related to the implementation of GASB 84. See Note 1 in the Notes to the Financial Statements for more information.

Total assets and deferred outflows of resources increased for the year by $165,888,789. This was largely due to increases of $18,459,987 and $101,660,296 in the categories of current assets and capital assets, net, respectively and an increase in deferred outflows of resources of $46,737,262. The increase in deferred outflows of resources was due to an increase in the Institute's proportionate share of the actuarially determined deferred loss on the Teachers Retirement System of Georgia (TRS) and Employees' Retirement System (ERS) of Georgia pension plans and the Post Employment Benefits Other than Pension Benefits (OPEB). The other assets category decreased by $(968,756).

Total liabilities and deferred inflows of resources increased for the year by $151,390,785 primarily due to an increase in non-current liabilities of $151,166,226 and an increase of $7,292,098 for deferred inflows. The increase in deferred inflows was primarily due to the Institute's increase in it's 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 an increase in net position of $14,498,004. This change in net position is primarily due to Net Investment in Capital Assets in the amount of $54,800,572. The deficit for Unrestricted Net Position increased by $35,839,060.

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 the 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, 2020 and June 30, 2019 is as follows:

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	June 30, 2020	June 30, 2019
Operating Revenue	$ 1,579,194,504	$ 1,527,741,195
Operating Expense	1,949,960,417	1,773,790,194
Operating Loss	(370,765,913)	(246,048,999)
Nonoperating Revenue and Expense	370,976,261	335,211,645
Income before Other Revenues, Expenses, Gains or Losses	210,348	89,162,646
Other Revenues, Expenses, Gains or Losses	14,287,656	56,872,078
Change in Net Position	14,498,004	146,034,724
Net Position at Beginning of Year	1,011,809,918	865,775,194
Net Position at End of Year	$ 1,026,307,922	$ 1,011,809,918

The amounts reported for fiscal year 2019 were not adjusted for the restatement of beginning net position related to the implementation of GASB 84. See Note 1 in the Notes to the Financial Statements for more information.

The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year, which is represented by an increase 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, 2020 and June 30, 2019, Revenues by Source were as follows:

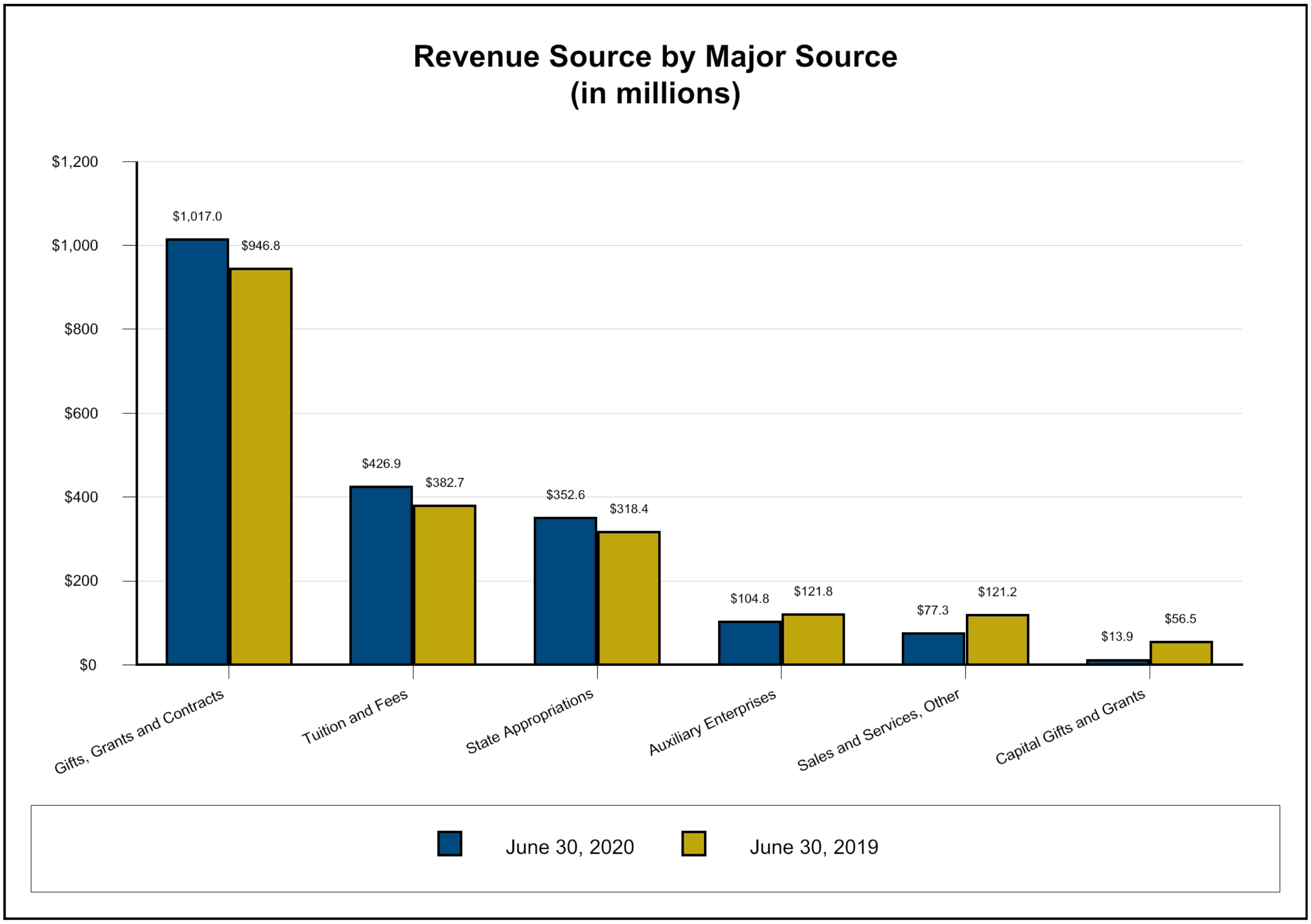
REVENUES BY SOURCE	June 30, 2020	June 30, 2019
Tuition and Fees	$ 426,887,568	$ 382,718,891
Grants and Contracts	999,395,121	931,649,155
Sales and Services	39,522,880	69,950,445
Auxiliary Enterprises	104,826,473	121,806,561
Other Operating Revenues	8,562,462	21,616,143
Total Operating Revenues	1,579,194,504	1,527,741,195
State Appropriations	352,634,527	318,443,910
Grants and Contracts	15,604,262	12,624,220
Gifts	1,961,573	2,561,674
Investment Income	28,777,713	29,256,800
Total Nonoperating Revenues	398,978,075	362,886,604
State Capital Gifts and Grants	9,603,933	54,775,501
Other Capital Gifts and Grants	4,266,891	1,686,177
Total Capital Gifts and Grants	13,870,824	56,461,678
Additions to Permanent and Term Endowments	416,832	410,400
Total Revenues	$ 1,992,460,235	$ 1,947,499,877

Total revenue increased by $45.0 million (2.31%) in fiscal year 2020. The largest driver for the increase was grants and contracts (operating and non-operating) which increased by $70.7 million, followed by tuition which increased by $44.2 million and state appropriations which increased by $34.2 million. The increase in grants and contracts represents solid performance for multi-year awards. The increase in tuition reflects an increase in enrollment and tuition & fees, while the increase in state appropriations represents an increase in allocated funding.

Operating revenue increased by $51.5 million (3.37%) over the prior year. Operating Grants and Contracts increased by $67.7 million (7.27%) while Tuition and Fees increased by $44.2 million (11.54%). Sales and Services, Auxiliary Enterprises and Other Operating Revenues decreased by $60.5 million collectively primarily due to reductions in campus operations designed 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 increased by $36.1 million (9.95%) for fiscal year 2020.

Capital Gifts and Grants decreased by $42.6 million (75.43%), mainly due to the addition of Crosland Tower in fiscal year 2019.

The illustration below is a comparison of the Institute's revenue sources by major category for fiscal years ended June 30, 2020 and June 30, 2019:



Total revenue was $1,992.5 and $1,947.5 million for fiscal year 2020 and fiscal year 2019, respectively. The largest driver of this increase was revenue from Gifts, Grants and Contracts which totaled $1.017 billion, an increase of $70.2 million over the prior year. This revenue source includes $73.4 million of direct expense reimbursements from the Georgia Tech Foundation, a decrease of $10.1 million over the prior fiscal year.

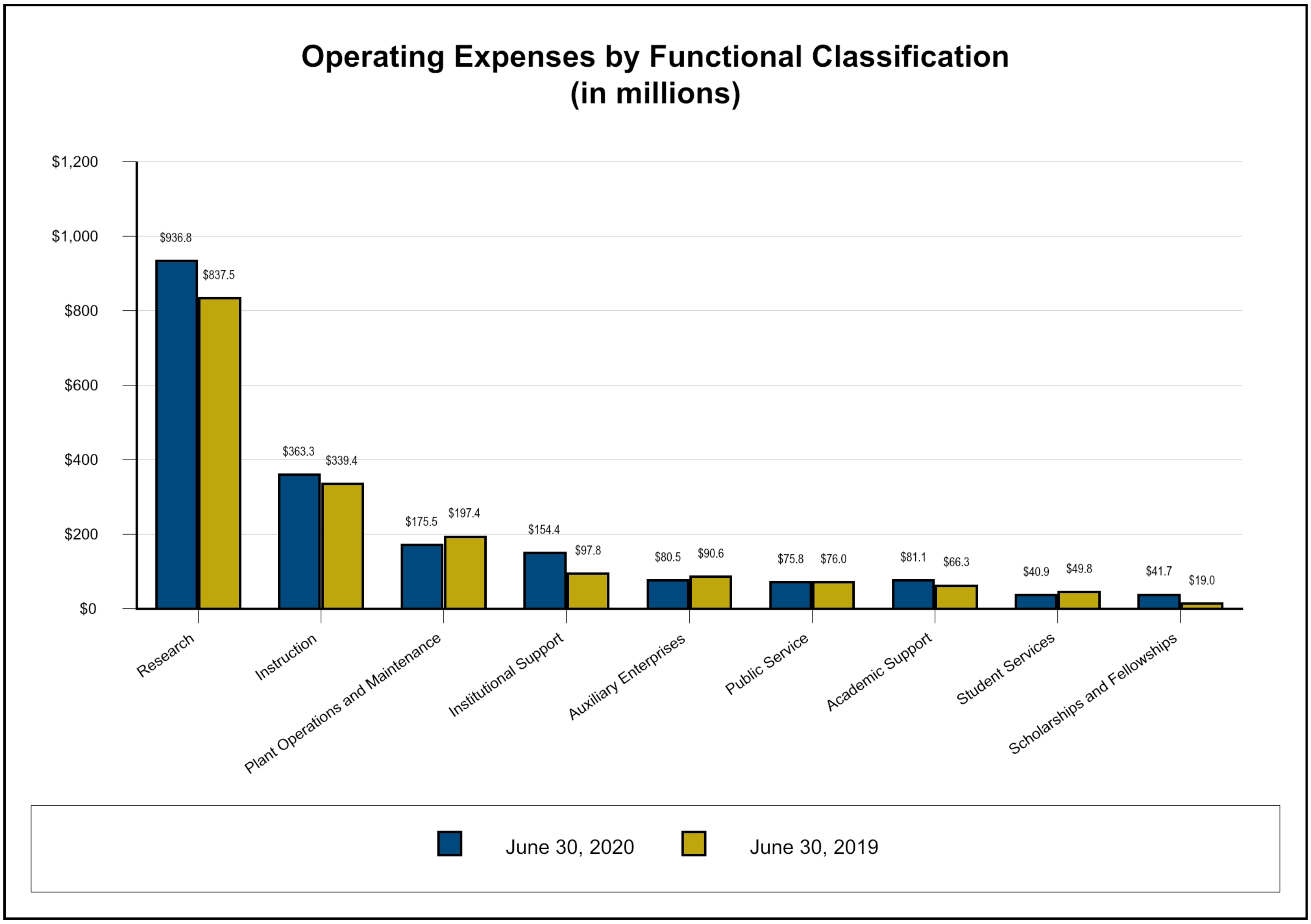
Expenses

For the years ended June 30, 2020 and June 30, 2019, expenses by functional classification were as follows:

EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2020	June 30, 2019
Instruction	$ 363,292,440	$ 339,381,873
Research	936,827,880	837,472,283
Public Service	75,796,358	75,979,744
Academic Support	81,113,403	66,316,435
Student Services	40,892,682	49,774,929
Institutional Support	154,350,515	97,825,693
Plant Operations and Maintenance	175,506,208	197,401,283
Scholarships and Fellowships	41,669,720	19,032,957
Auxiliary Enterprises	80,511,211	90,604,997
Total Operating Expenses	1,949,960,417	1,773,790,194
Interest Expense and Other Nonoperating Expenses	28,001,814	27,674,959
Total Nonoperating Expenses	28,001,814	27,674,959
Total Expenses	$ 1,977,962,231	$ 1,801,465,153

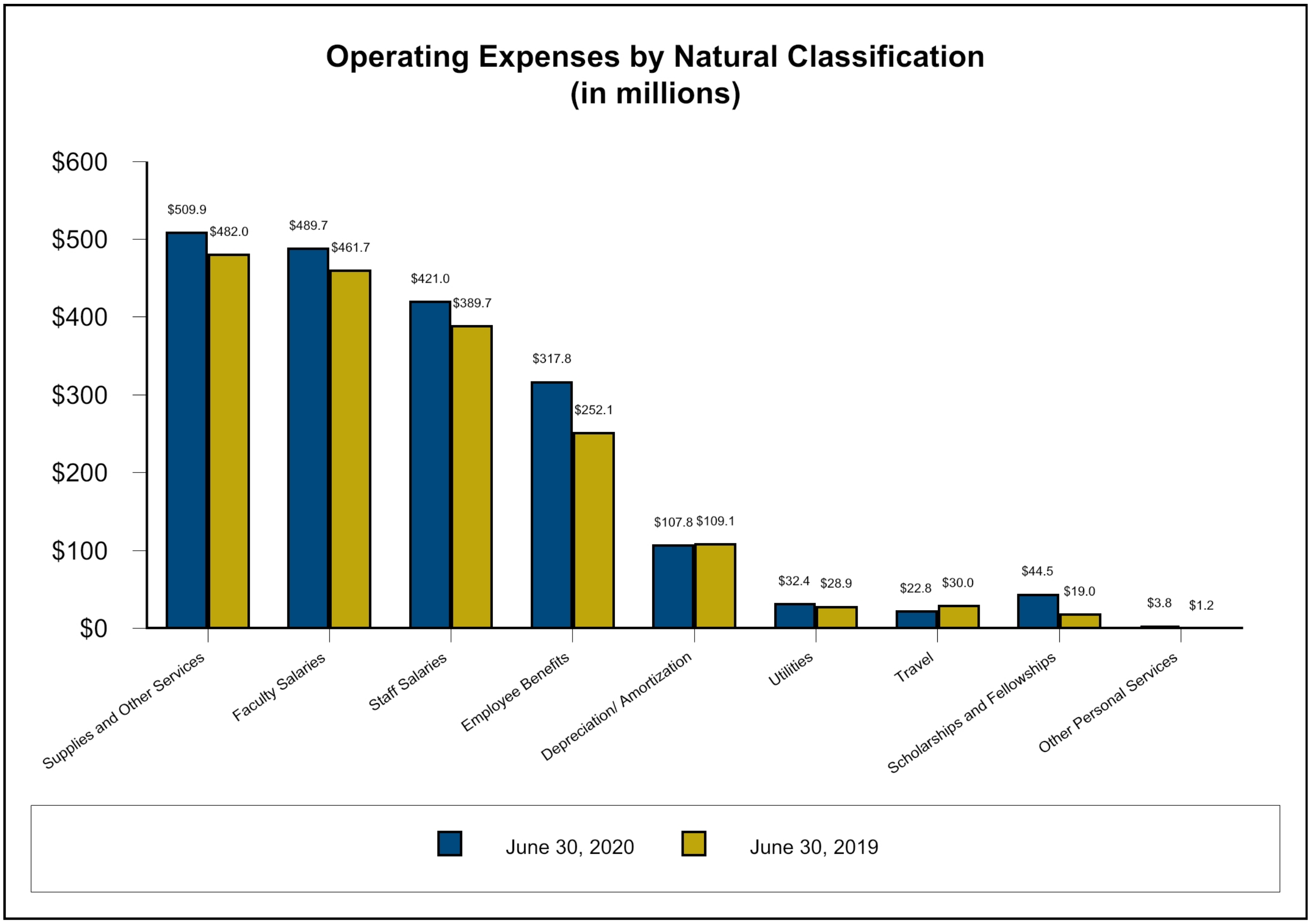
Total expenses were $1,978.0 million in fiscal year 2020, an increase of $176.5 million (9.80%) compared to the prior fiscal year. The increase in operating expense is primarily attributable to the following functional classifications: Research ($99.4 million); Institutional Support ($56.5 million); Instruction ($23.9 million); Scholarships and Fellowships ($22.6 million); and Academic Support ($14.8 million). Nonoperating expenses increased by $0.3 million (1.18%), primarily due to adjustments, gains and losses for capital assets.

The illustration below is a comparison of the Institute's operating expenses by functional classification for the fiscal years ended June 30, 2020 and June 30, 2019.



Total operating expenses were $1,950.0 and $1,773.8 million for fiscal year 2020 and fiscal year 2019, respectively. This represents a $176.2 million (9.93%) increase over the previous fiscal year. Operating expenses for functional classification areas such as Research, Institutional Support, Instruction, Scholarships and Fellowships and Academic Support increased by a collective total of $217.3 million. Most of the remaining categories decreased compared to the prior year. This was mainly due to reductions in campus operations designed 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, 2020 and June 30, 2019.



The net increase in operating expenses of $176.2 million is primarily attributable to increase in natural classifications for Faculty Salaries, Staff Salaries and Employee Benefits of $125.0 million. This generally represents hiring of new employees, merit increases and increases in the cost of benefits. Scholarships and Fellowships increased by $25.5 million, representing an increase in enrollment and a corresponding increase in financial aid awarded to students. The category of Supplies and Other Services increased by $27.9 million, which generally represents an increase in consumption. The decrease in operating expenses related to travel are attributable to reductions in operations designed to prioritize the health and safety of the Georgia Tech community and limit exposure to COVID-19.

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. The Beginning of Year balance for Cash & Cash Equivalents was restated by $4,338,372 due to the adoption of Governmental Accounting Standards Board (GASB) 84. See Note 1, Summary of Significant Accounting Policies, for additional information

Cash Flows for the Years Ended June 30, 2020 and 2019 were as follows:

CONDENSED STATEMENT OF NET CASH FLOWS	June 30, 2020	June 30, 2019
Cash Provided (Used) by:		
Operating Activities	$ (205,131,428)	$ (117,196,732)
Non-Capital Financing Activities	366,036,664	322,206,774
Capital and Related Financing Activities	(170,649,823)	(171,598,087)
Investing Activities	28,571,450	27,589,333
Net Change in Cash & Cash Equivalents	18,826,863	61,001,288
Cash & Cash Equivalents, Beginning of Year (Restated)	362,586,665	297,247,005
Cash & Cash Equivalents, End of Year	$ 381,413,528	$ 358,248,293

Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2020 and June 30, 2019 were as follows:

CAPITAL ASSETS, net of accumulated depreciation	June 30, 2020	June 30, 2019
Land	$ 61,425,231	$ 60,594,235
Capitalized Collections	17,699,454	17,699,454
Construction Work-in-Progress	67,714,461	53,545,006
Software Development-in-Progress	0	5,505,088
Infrastructure	88,319,475	90,871,562
Building and Building Improvements	1,583,398,560	1,527,331,984
Facilities and Other Improvements	45,948,181	45,182,351
Equipment	198,944,612	185,306,080
Library Collections	31,096,790	30,066,862
Software	43,675,651	20,459,497
Capital Assets, net of accumulated depreciation	$ 2,138,222,415	$ 2,036,562,119

The Institute had one significant capital asset addition for fiscal year 2020: The Dalney Street Office Building and Parking Deck was constructed through a capital lease with Georgia Tech Facilities, Inc. resulting in a $35,636,440 capital asset lease addition to Buildings.

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 $583,780,057 of which $70,835,312 was reflected as current liability at June 30, 2020.

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 2020 operating results. Management anticipates that Fiscal Year 2021 will be challenging due to the on-going COVID-19 pandemic impact to the Institute 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 program revenue. Management also will continue to exercise prudent controls over capital and other reserves.

Tuition

Georgia Tech's enrollment, and therefore tuition revenue, is expected to be impacted by the on-going COVID-19 pandemic. The enrollment projections for Fiscal Year 2021 assume a one-time enrollment reduction ranging from 5% to 10%, mostly driven by the loss of international students due to travel and visa restrictions. Georgia Tech is offering online, hybrid, and on-campus courses to provide students with flexibility. This enrollment impact was factored into the Fiscal 2021 budget. At present, we do not anticipate longer-term impacts to residential programs.

For fiscal year 2020 the Board of Regents (BOR) approved a 2.5% increase in undergraduate tuition and 2% increase for graduate tuition above the 2019 level. The Fiscal 2021 tuition rates are unchanged from Fiscal 2020. For future years, 0% to 2% rate increases are anticipated, and enrollment growth is expected to resume at moderate levels after the COVID-19 pandemic.

The three for-credit online master's programs at scale - Online Masters in Computer Science (OMSCS), Analytics (OMSA), and Cybersecurity (OMSC) -- will continue to experience solid growth in the coming year. The OMS CS program's growth rate continues to exceed expectations with projected Fiscal 2021 enrollment of 10,600, representing a 17% increase from the actual Fiscal 2020 enrollment of 9,000. With an emphasis on maintaining degree quality, the Institute will likely begin to experience annual OMS CS program enrollment growth in future years in the 5% to 10% range.

The OMS Analytics program was launched in the fall of 2017 with an initial cohort of 250 students. For Fiscal 2021, the program's enrollment will total approximately 3,750 students, which is consistent with long-term steady state enrollment projections of 4,000 students. The smaller scale of OMSA is due to the nature of the curriculum. The OMS Cybersecurity program launched in the spring of 2019 with approximately 250 students is projecting to have about 800 students in Fiscal 2021. Consistent with expectations, the growth trend for OMSC will continue to be slower than OMSA due to a more competitive market for that degree.

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. Due to a decline in state revenues in Fiscal Year 2020, and projected decline in Fiscal 2021, the state approved a 10% reduction to all state agencies, including the BOR. 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 and approved an 8.7% reduction instead of the 10% experienced by other institutions. This change is reflected in the Fiscal 2021 original budget. Should state formula funding be available in Fiscal 2022, Georgia Tech expects to see positive growth in state appropriations.

The state earmarks funds for the Georgia Tech Research Institute (GTRI) and Enterprise Innovation Institute (EI2) and reduced both budgets in Fiscal 2021.

Sponsored Funding

In fiscal year 2020, Georgia Tech weathered the COVID-19 pandemic with minimal negative impact on sponsored operations. This was due to the Institute's continued diversification across Federal agencies and between Federal and non-Federal sponsors, and our ability to perform research during the pandemic. For the second year in a row, the Institute received over $1 billion in new sponsored awards during the fiscal year, representing an increase of 1.5%

over the previous year. Direct and Indirect sponsored expenditures exceeded $1.02 billion for the fiscal year, an increase of 7% over the previous year. Georgia Tech anticipates that sponsored revenue will remain strong in fiscal year 2021, as we continue to focus on growing and emerging research areas that are of interest and value to Federal and non-Federal 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, including fiscal year 2020. In fiscal year 2020, the amount of carry forward was equal to the fiscal year 2019 amount. These funds are earmarked for capital reserves, faculty start-up, and other funding priorities in succeeding years.

<u>Auxiliary Enterprises</u>

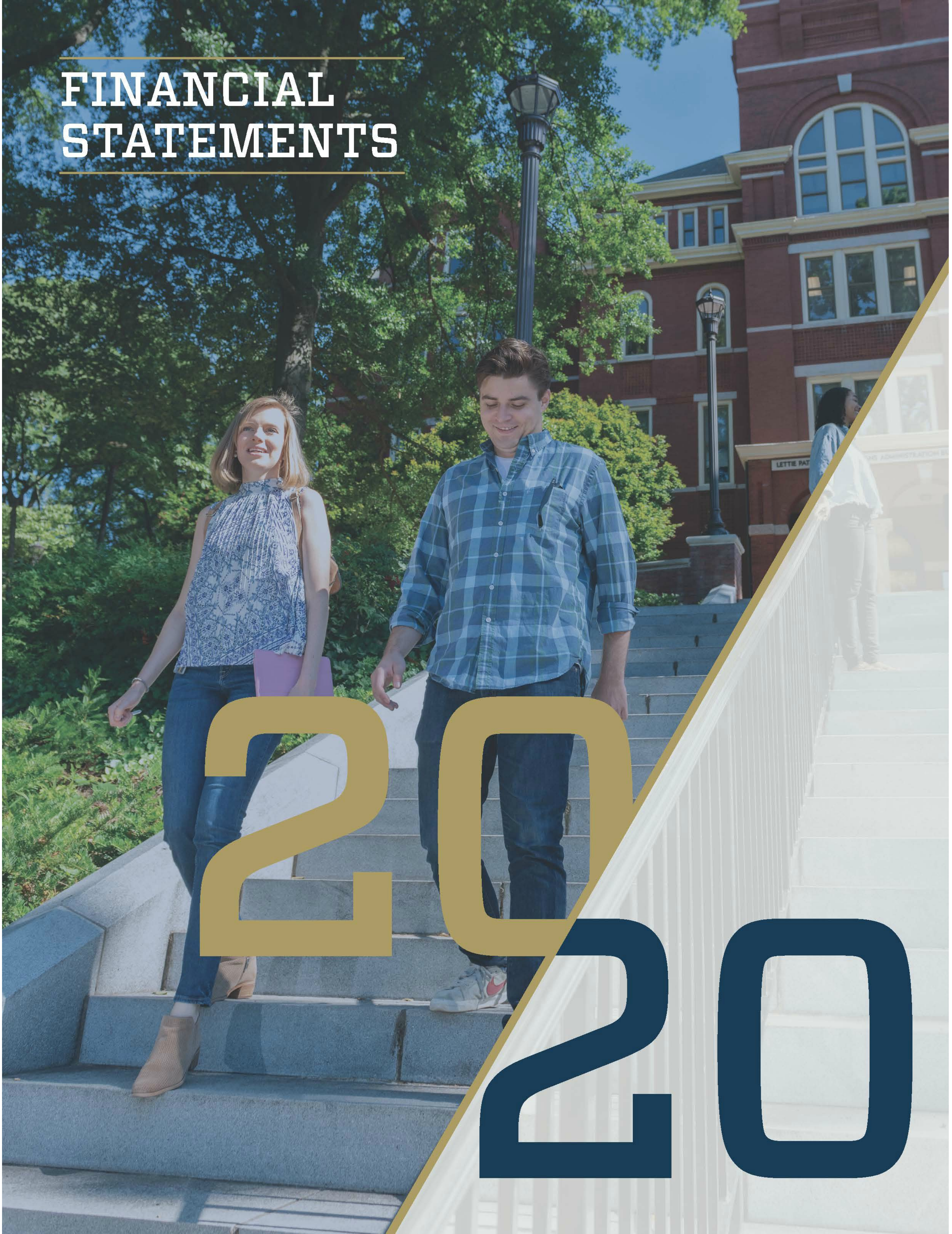
Georgia Tech's Auxiliary Enterprises have also been impacted by the COVID-19 pandemic. In the Spring of 2020, Georgia Tech moved to remote learning resulting in student refunds for the remaining fiscal year. All Auxiliary units were reimbursed in full by the Coronavirus Aid, Relief, and Economic Security (CARES) Act with the exception of Housing which received a partial reimbursement.

Georgia Tech's Auxiliary Enterprises continue to maintain the solid reserves necessary to cover required capital improvements anticipated for future years. Auxiliary programs are principally funded through both 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 2020 cost increases for all areas. All areas have been 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



2020

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF NET POSITION
JUNE 30, 2020

	Georgia Institute of Technology	Component Units
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 247,260,982	$ 192,789,248
Cash and Cash Equivalents (Externally Restricted)	133,978,154	23,028,939
Short-term Investments (Externally Restricted)	—	87,179,950
Accounts Receivable, net		
Federal Financial Assistance	5,938,645	—
Affiliated Organizations	4,209,968	552,000
Component Units	119,551,756	—
Primary Government	—	3,376,379
Pledges and Contributions	—	52,154,887
Other	24,365,439	197,980,057
Notes Receivable, net	—	935,318
Investment in Capital Leases - Primary Government	—	20,116,199
Investment in Capital Leases - Other	—	318,171
Inventories	1,677,149	—
Prepaid Items	24,129,213	979,226
Other Assets	—	2,259,310
Total Current Assets	561,111,306	581,669,684
Non-Current Assets		
Accounts Receivable, net		
Due From USO - Capital Liability Reserve Fund	2,762,562	—
Pledges and Contributions	—	51,916,200
Other	—	13,835,483
Investments	—	282,140,062
Notes Receivable, net	10,211,278	—
Investment in Capital Leases - Primary Government	—	383,704,759
Investment in Capital Leases - Other	—	19,045,612
Other Assets	—	23,189,624
Non-current Cash (Externally Restricted)	174,392	85,571,672
Short-term Investments (Externally Restricted)	—	44,375,549
Investments (Externally Restricted)	85,075,157	1,611,664,282
Capital Assets, net	2,138,222,415	458,257,825
Total Non-Current Assets	2,236,445,804	2,973,701,068
TOTAL ASSETS	2,797,557,110	3,555,370,752
DEFERRED OUTFLOWS OF RESOURCES	$ 248,665,097	$ 13,385,934

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

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF NET POSITION
JUNE 30, 2020

	Georgia Institute of Technology	Component Units
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 71,597,636	$ 19,214,137
Salaries Payable	5,509,756	—
Benefits Payable	2,677,850	—
Contracts Payable	2,951,265	—
Retainage Payable	2,331,642	1,425,125
Due to Affiliated Organizations	331,526	—
Due to Component Units	3,376,379	—
Due to Primary Government	—	119,551,756
Advances (Including Tuition and Fees)	23,096,271	89,108,580
Deposits	1,731,236	10,970,382
Deposits Held for Other Organizations	—	54,749,382
Other Liabilities	4,896	292,476
Notes and Loans Payable	1,699,268	32,279,509
Lease Purchase Obligations - External	7,218,744	2,808,642
Lease Purchase Obligations - Component Units	20,116,199	—
Revenue Bonds and Notes Payable	—	108,239,000
Liabilities Under Split Interest Agreements	—	1,646,000
Pollution Remediation	590,916	—
Claims and Judgments	—	250,000
Compensated Absences	41,210,185	451,000
Total Current Liabilities	184,443,769	440,985,989
Non-Current Liabilities		
Due to Affiliated Organizations	—	300,000
Advances (Including Tuition and Fees)	6,129,733	12,247,598
Other Liabilities	—	9,756,870
Notes and Loans Payable	8,843,132	87,765,679
Lease Purchase Obligations - External	99,177,796	52,198,305
Lease Purchase Obligations - Component Units	383,704,759	—
Revenue Bonds and Notes Payable	—	914,853,977
Liabilities Under Split Interest Agreements	—	16,403,000
Claims and Judgments	—	353,932
Compensated Absences	21,219,058	—
Net Other Post-employment Benefits Liability	686,328,093	—
Net Pension Liability	535,204,921	—
Total Non-Current Liabilities	1,740,607,492	1,093,879,361
TOTAL LIABILITIES	1,925,051,261	1,534,865,350
DEFERRED INFLOWS OF RESOURCES	94,863,024	—
NET POSITION		
Net Investment in Capital Assets	1,606,259,990	(14,949,241)
Restricted for:		
Nonexpendable	70,499,912	1,440,438,715
Expendable	26,243,327	310,959,577
Unrestricted (Deficit)	(676,695,307)	297,442,285
TOTAL NET POSITION	$ 1,026,307,922	$ 2,033,891,336

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, 2020

	Georgia Institute of Technology	Component Units
OPERATING REVENUES		
Student Tuition and Fees (net)	$ 426,887,568	$ —
Grants and Contracts		
Federal	742,169,121	793,564,796
State	21,456,031	19,925,037
Other	235,769,969	79,122,977
Sales and Services	39,522,880	55,965,283
Rents and Royalties	2,729,603	85,291,083
Auxiliary Enterprises		
Residence Halls	66,033,330	—
Bookstore	1,848,979	—
Food Services	6,462,107	—
Parking/Transportation	17,054,716	—
Health Services	11,841,656	—
Other Organizations	1,585,685	—
Gifts and Contributions	—	44,989,653
Endowment Income	—	60,735,000
Other Operating Revenues	5,832,859	484,515
Total Operating Revenues	1,579,194,504	1,140,078,344
OPERATING EXPENSES		
Faculty Salaries	489,717,264	—
Staff Salaries	421,045,911	3,295,699
Employee Benefits	317,802,172	683,000
Other Personal Services	3,849,543	89,000
Travel	22,844,301	5,378,239
Scholarships and Fellowships	44,543,244	12,039,648
Utilities	32,428,415	1,161,965
Supplies and Other Services	509,890,325	1,056,702,392
Depreciation	107,839,242	14,734,015
Total Operating Expenses	1,949,960,417	1,094,083,958
Operating Income (Loss)	$ (370,765,913)	$ 45,994,386

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, 2020

	Georgia Institute of Technology	Component Units
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	$ 352,634,527	$ —
Grants and Contracts		
Federal	15,604,262	—
Gifts	1,961,573	—
Investment Income	28,777,713	(30,139,725)
Interest Expense	(24,913,791)	(45,207,287)
Other Nonoperating Revenues (Expenses)	(3,088,023)	(479,888)
Net Nonoperating Revenues (Expenses)	370,976,261	(75,826,900)
Income Before Other Revenues, Expenses, Gains or Losses	210,348	(29,832,514)
Capital Grants and Gifts		
State	9,603,933	—
Other	4,266,891	19,322,387
Additions to Permanent and Term Endowments	416,832	34,805,787
Total Other Revenues, Expenses, Gains or Losses	14,287,656	54,128,174
Change in Net Position	14,498,004	24,295,660
Net Position, Beginning of Year, As Originally Reported	1,011,809,918	2,009,595,676
Net Position, End of Year	$ 1,026,307,922	$ 2,033,891,336

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, 2020

		Georgia Institute of Technology
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments from Customers	$	547,893,778
Grants and Contracts (Exchange)		1,009,957,920
Payments to Suppliers		(796,532,638)
Payments to Employees		(923,227,035)
Payments for Scholarships and Fellowships		(44,543,244)
Loans Issued to Students		(4,393,353)
Collection of Loans from Students		5,713,144
Net Cash Used by Operating Activities		(205,131,428)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State Appropriations		352,634,527
Gifts and Grants Received for Other Than Capital Purposes		16,996,268
Other Non-Capital Financing Payments		(3,594,131)
Net Cash Flows Provided by Non-Capital Financing Activities		366,036,664
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Gifts and Grants Received		274,888
Proceeds from Sale of Capital Assets		17,791,702
Purchases of Capital Assets		(140,057,654)
Principal Paid on Capital Debt and Leases		(23,589,512)
Interest Paid on Capital Debt and Leases		(25,069,247)
Net Cash Used by Capital and Related Financing Activities		(170,649,823)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income		28,571,450
Net Cash Provided by Investing Activities		28,571,450
Net Increase in Cash and Cash Equivalents		18,826,863
Cash and Cash Equivalents, Beginning of Year (Restated)		362,586,665
Cash and Cash Equivalents, End of Year	$	381,413,528

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, 2020

	Georgia Institute of Technology
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	$ (370,765,913)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation	107,839,242
Change in Assets and Liabilities:	
Receivables, net	(5,042,506)
Inventories	(49,109)
Prepaid Items	3,672,058
Notes Receivable, Net	1,319,791
Accounts Payable	(12,261,041)
Salaries Payable	1,785,402
Benefits Payable	1,698,793
Deposits	(6,483,910)
Advances (Including Tuition and Fees)	(6,660,100)
Other Liabilities	(356,226)
Compensated Absences	8,595,040
Due to Component Units/Affiliated Organizations	294,916
Pollution Remediation	56,975
Net Pension Liability	84,206,506
Other Post-Employment Benefit Liability	26,478,361
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	7,277,555
Deferred Outflows of Resources	(46,737,262)
Net Cash Used by Operating Activities	$ (205,131,428)
NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS	
Noncapital Financing Activities Noncash Items:	
Current Year Accruals Related to Capital Financing Activities	$ 2,335,844
Gift of Capital Assets	$ 11,534,980
Gain (Loss) on Disposal of Capital Assets	$ (16,043,610.58)
Accrual of Capital Asset Related Payables	$ 11,245,405.93
Capital Assets Acquired Through Prepaid Capital	$ 2,385,183
Capital Assets Acquired by Incurring Capital Lease Obligations	$ 70,942,645
Accrual of Capital Financing Interest Payable	$ 1,558,933.13
Other Capital Financing Activities Noncash Items	$ (1,551,662)
Unrealized Gain (Loss) on Investments	$ 206,263

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

GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

		Custodial Funds
ASSETS		
Receivables		
Other	$	9,174,396
Total Assets		9,174,396
LIABILITIES		
Cash Overdraft		7,935,880
Accounts Payable		795
Total Liabilities		7,936,675
NET POSITION		
Restricted for:		
Individuals, Organizations, and Other Governments	$	1,237,721

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, 2020

		Custodial Funds
ADDITIONS		
Federal Financial Aid	$	72,659,472
State Financial Aid		79,994,195
Other Financial Aid		21,965,881
Clubs and Other Organizations Fund Raising		472,763
Total Additions		175,092,311
DEDUCTIONS		
Scholarships and Other Student Support		175,108,886
Student Organizations Support		590,085
Total Deductions		175,698,971
Net Increase (Decrease) in Fiduciary Net Position		(606,660)
Net Position, Beginning of Year		
Net Position, Beginning of Year, As Originally Reported		—
Prior Year Adjustments		1,844,381
Net Position, Beginning of Year, Restated		1,844,381
Net Position, End of Year	$	1,237,721

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, 2020

	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	$ 17,655,000	$ 11,368,181	$ 139,275,464	$ 2,753,576	$ 21,737,027	$ —	$ 192,789,248
Cash and Cash Equivalents (Externally Restricted)	11,792,000	10,424,856	—	—	812,083	—	23,028,939
Short-term Investments (Externally Restricted)	—	—	—	87,179,950	—	—	87,179,950
Accounts Receivable, net							
Affiliated Organizations	552,000	—	—	—	—	—	552,000
Component Units	—	643,000	—	—	—	(643,000)	—
Primary Government	3,331,000	45,379	—	—	—	—	3,376,379
Pledges and Contributions	36,860,000	—	—	15,177,413	117,474	—	52,154,887
Other	20,141,000	363,014	168,258,325	9,142,419	75,299		197,980,057
Notes Receivable, net	918,000	—	—	—	17,318	—	935,318
Investment in Capital Leases - Primary Government	10,078,000	10,926,055	—	—	1,396,944	(2,284,800)	20,116,199
Investment in Capital Leases - Other	—	—	399,904	—	(81,733)	—	318,171
Prepaid Items	—	278,781	84,224	608,729	7,492	—	979,226
Other Assets	1,646,000	—	—	—	613,310	—	2,259,310
Total Current Assets	102,973,000	34,049,266	308,017,917	114,862,087	24,695,214	(2,927,800)	581,669,684
Non-Current Assets							
Accounts Receivable, net							
Component Units	—	4,805,000	—	—	—	(4,805,000)	—
Pledges and Contributions	36,301,000	—	—	15,063,786	551,414	—	51,916,200
Other	13,774,000	61,483	—	—	—	—	13,835,483
Investments	392,220,000	—	62	—	15,000	(110,095,000)	282,140,062
Investment in Capital Leases - Primary Government	106,795,000	226,781,701	—	—	61,859,458	(11,731,400)	383,704,759
Investment in Capital Leases - Other	—	—	2,866,772	—	16,178,840	—	19,045,612
Other Assets	19,038,000	3,100,000	—	722,612	329,012	—	23,189,624
Non-current Cash (Externally Restricted)	—	84,374,337	—	—	1,197,335	—	85,571,672
Short-term Investments (Externally Restricted)	—	—	—	44,375,549	—	—	44,375,549
Investments (Externally Restricted)	1,501,569,000	—	—	110,095,282	—	—	1,611,664,282
Capital Assets, net	148,242,000	57,307,414	899,551	169,262,105	82,546,755	—	458,257,825
Total Non-Current Assets	2,217,939,000	376,429,935	3,766,385	339,519,334	162,677,814	(126,631,400)	2,973,701,068
TOTAL ASSETS	2,320,912,000	410,479,201	311,784,302	454,381,421	187,373,028	(129,559,200)	3,555,370,752
DEFERRED OUTFLOWS OF RESOURCES	$ —	$ —	$ —	$ 13,385,934	$ —	$ —	$ 13,385,934

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, 2020

	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	$ 5,550,000	$ 6,945,210	$ —	$ 5,670,650	$ 1,048,277	$ —	$ 19,214,137
Retainage Payable	—	1,425,125	—	—	—	—	1,425,125
Due to Component Units	643,000	—	—		—	(643,000)	—
Due to Primary Government	8,791,000	170,315	103,326,748	6,839,483	424,210	—	119,551,756
Advances (Including Tuition and Fees)	15,844,000	1,280,531	67,868,142	1,935,688	2,180,219		89,108,580
Deposits	218,000	—	—	10,575,154	177,228	—	10,970,382
Deposits Held for Other Organizations	—	—	54,749,382	—	—	—	54,749,382
Other Liabilities	—	—	—		292,476	—	292,476
Notes and Loans Payable	19,048,000	—	—	12,950,959	280,550	—	32,279,509
Lease Purchase Obligations - External	—	—	428,153	278,788	2,101,701	—	2,808,642
Revenue Bonds and Notes Payable	13,165,000	11,579,000	—	82,390,000	1,105,000	—	108,239,000
Liabilities Under Split Interest Agreements	1,646,000	—	—	—	—	—	1,646,000
Claims and Judgments	—	—	—	250,000	—	—	250,000
Compensated Absences	451,000	—	—	—	—	—	451,000
Total Current Liabilities	65,356,000	21,400,181	226,372,425	120,890,722	7,609,661	(643,000)	440,985,989
Non-Current Liabilities							
Due to Affiliated Organizations	300,000	—	—	—	—	—	300,000
Due to Component Units	114,900,000	—	—	—	—	(114,900,000)	—
Advances (Including Tuition and Fees)	—	7,915,923	—	—	4,331,675	—	12,247,598
Other Liabilities	9,433,000	—	—	—	323,870	—	9,756,870
Notes and Loans Payable	69,487,000	—	—	12,237,152	6,041,527	—	87,765,679
Lease Purchase Obligations - External	—	—	2,838,523	557,576	48,802,206	—	52,198,305
Revenue Bonds and Notes Payable	243,728,000	339,435,361	—	272,490,112	59,200,504	—	914,853,977
Liabilities Under Split Interest Agreements	16,403,000	—	—	—	—	—	16,403,000
Claims and Judgments	—	—	—	353,932	—	—	353,932
Total Non-Current Liabilities	454,251,000	347,351,284	2,838,523	285,638,772	118,699,782	(114,900,000)	1,093,879,361
TOTAL LIABILITIES	519,607,000	368,751,465	229,210,948	406,529,494	126,309,443	(115,543,000)	1,534,865,350
NET POSITION							
Net Investment in Capital Assets	(9,748,000)	23,448,362	899,551	(55,643,050)	26,093,896	—	(14,949,241)
Restricted for:							
Nonexpendable	1,393,639,000	—	—	46,799,715	—	—	1,440,438,715
Expendable	205,489,000	7,937,599	—	90,434,229	7,098,749	—	310,959,577
Unrestricted (Deficit)	211,925,000	10,341,775	81,673,803	(20,353,033)	27,870,940	(14,016,200)	297,442,285
TOTAL NET POSITION	$1,801,305,000	$ 41,727,736	$ 82,573,354	$ 61,237,861	$ 61,063,585	$ (14,016,200)	$2,033,891,336

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, 2020

	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	$ —	$ —	$ 793,564,796	$ —	$ —	$ —	$ 793,564,796
State	—	—	19,925,037	—	—	—	19,925,037
Other	—	—	79,096,484	—	26,493	—	79,122,977
Sales and Services	10,000	363,056	—	55,367,226	225,001	—	55,965,283
Rents and Royalties	30,074,000	13,880,706	13,384,167	8,421,556	17,095,134	2,435,520	85,291,083
Gifts and Contributions	40,544,000	—	—	4,113,453	332,200	—	44,989,653
Endowment Income	60,735,000	—	—	—	—	—	60,735,000
Other Operating Revenues	—	22,831	—	—	461,684	—	484,515
Total Operating Revenues	131,363,000	14,266,593	905,970,484	67,902,235	18,140,512	2,435,520	1,140,078,344
OPERATING EXPENSES							
Staff Salaries	2,835,000	—	—	—	460,699	—	3,295,699
Employee Benefits	683,000	—	—	—	—	—	683,000
Other Personal Services	89,000	—	—	—	—	—	89,000
Travel	12,000	—	86,720	5,279,519	—	—	5,378,239
Scholarships and Fellowships	—	—	—	12,039,648	—	—	12,039,648
Utilities	942,000	193,750	—	—	26,215	—	1,161,965
Supplies and Other Services	89,817,000	2,286,339	896,153,532	60,956,573	7,488,948	—	1,056,702,392
Depreciation	3,031,000	736,943	254,948	8,097,781	2,613,343	—	14,734,015
Total Operating Expenses	97,409,000	3,217,032	896,495,200	86,373,521	10,589,205	—	1,094,083,958
Operating Income (Loss)	$ 33,954,000	$ 11,049,561	$ 9,475,284	$ (18,471,286)	$ 7,551,307	$ 2,435,520	$ 45,994,386

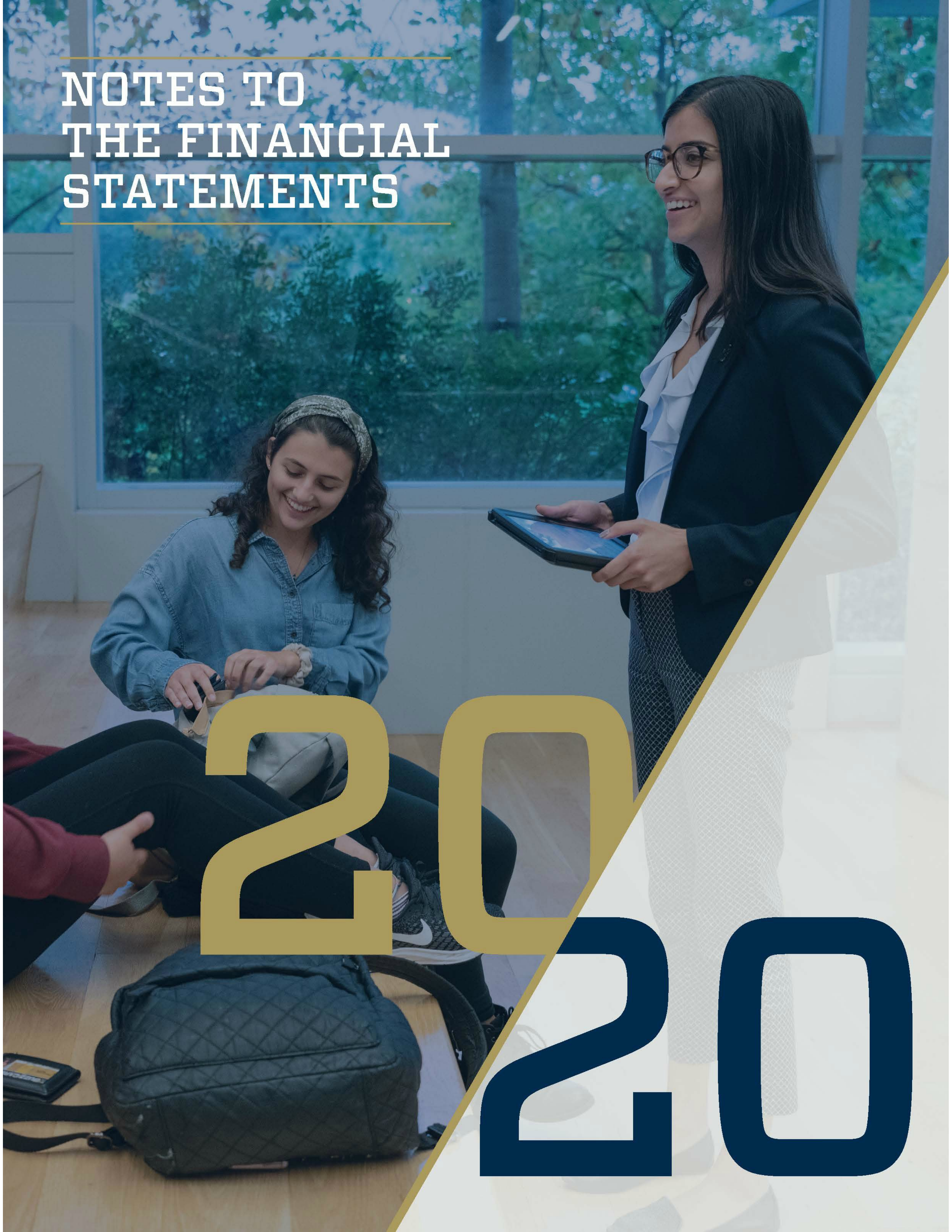
The notes to the financial statements are an integral part of this statement.

GEORGIA INSTITUTE OF TECHNOLOGY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
COMPONENT UNITS
FOR FISCAL YEAR ENDED JUNE 30, 2020

	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	$ (33,016,000)	$ 456,577	$ 369,613	$ 1,782,364	$ 267,721	$ —	$ (30,139,725)
Interest Expense	(12,978,000)	(10,123,422)	—	(16,759,684)	(5,346,181)	—	(45,207,287)
Other Nonoperating Revenues (Expenses)	—	(38,846)	(303,642)	(137,400)	—	—	(479,888)
Net Nonoperating Revenues	(45,994,000)	(9,705,691)	65,971	(15,114,720)	(5,078,460)	—	(75,826,900)
Income Before Other Revenues, Expenses, Gains, or Losses	(12,040,000)	1,343,870	9,541,255	(33,586,006)	2,472,847	2,435,520	(29,832,514)
Capital Grants and Gifts							
Other	—	—	—	19,322,387	—	—	19,322,387
Additions to Permanent and Term Endowments	31,382,000	—	—	3,423,787	—	—	34,805,787
Total Other Revenues, Expenses, Gains or Losses	31,382,000	—	—	22,746,174	—	—	54,128,174
Change in Net Position	19,342,000	1,343,870	9,541,255	(10,839,832)	2,472,847	2,435,520	24,295,660
Net Position, Beginning of Year	1,781,963,000	40,383,866	73,032,099	72,077,693	58,590,738	(16,451,720)	2,009,595,676
Prior Year Adjustments	—	—	—	—	—	—	—
Net Position, Beginning of Year, Restated	1,781,963,000	40,383,866	73,032,099	72,077,693	58,590,738	(16,451,720)	2,009,595,676
Net Position, End 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

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

NOTES TO THE FINANCIAL STATEMENTS



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GEORGIA INSTITUTE OF TECHNOLOGY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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's Comprehensive Annual Financial Report (CAFR) 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, 2020, 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 CAFR. The most recent State of Georgia CAFR can be obtained through the State Accounting Office, 200 Piedmont Avenue, Suite 1604 (West Tower), Atlanta, Georgia 30334 or on-line at http://sao.georgia.gov/comprehensive-annual-financial-reports.

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 30308-1028 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
For fiscal year 2020, the Institute adopted GASB Statement No. 84, *Fiduciary Activities*. This Statement improves guidance regarding the identification and reporting of fiduciary activities. This Statement requires activity meeting certain criteria to be reported in a fiduciary fund within a statement of fiduciary net position and a statement of changes in fiduciary net position. The adoption of this Statement resulted in the restatement of the July 1, 2019 net position for custodial fiduciary funds of $1,844,381.

For fiscal year 2020, the Institute adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The adoption of this Statement does not have a significant impact on the Institution'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, 2020 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 lives of the assets, 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)
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, 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
As a political subdivision of the State of Georgia which has been delegated the right to exercise part of the sovereign power of the State, the Institute is not subject to federal income tax.

Classification of Revenues and Expenses
The Statement of Revenues, Expenses and Changes in Net Position classifies fiscal year activity as operating and non-operating 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.
- Non-operating 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.
- Non-operating 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 $47,469,979.

Restatement due to Changes in Accounting Principles
The Institute made prior period adjustments due to the adoption of GASB 84, which required restatement of the June 30, 2019 fiduciary net position. The result is an increase in fiduciary net position at July 1, 2019 of $1,844,381 reported on the Statement of Changes in Fiduciary Net Position and an increase in cash and cash equivalents at July 1, 2019 of $4,338,372 reported on the Statement of Cash Flows. This change is in accordance with generally accepted accounting principles.

Note 2 Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2020 are classified in the accompanying statement of net position and statement of fiduciary net position as follows:

Cash and Cash Equivalents	$	239,325,102
Cash and Cash Equivalents (Externally Restricted)		133,978,154
Noncurrent Cash (Externally Restricted)		174,392
Noncurrent Investments (Externally Restricted)		85,075,157
	$	458,552,805

Cash on hand, deposits and investments as of June 30, 2020 consist of the following:

Cash on Hand	$	14,050
Deposits with Financial Institutions		49,917,761
Investments		408,620,994
	$	458,552,805

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, 2020, the bank balances of the Institute's deposits totaled $59,898,673. This balance includes deposits in fiduciary funds as these balances are not separable from the holdings of the Institute. Of these deposits, $70,160 were exposed to custodial credit risk as follows:

Uninsured and uncollaterized	$ 70,160

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, 2020.

	Fair Value	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Investment type:				
Debt Securities				
U.S. Treasuries	$ 234,953	$ 234,953	$ —	$ —
U.S. Agencies				
Implicitly Guaranteed	36,495	—	36,495	—
Corporate Debt	327,134	—	327,134	—
Money Market Mutual Funds	174,392	174,392	—	—
Mutual Bond Funds	213,920	213,920	—	—
Other Investments				
Equity Mutual Funds - Domestic	344,454	344,454	—	—
Equity Mutual Funds - International	272,786	272,786	—	—
Equity Securities - Domestic	795,889	795,889	—	—
Equity Securities - International	118,595	—	118,595	—
Real Estate Held for Investment Purposes	369,900	—	—	369,900
Real Estate Investment Trusts	98,103	98,103	—	—
	2,986,621	$ 2,134,497	$ 482,224	$ 369,900
Investment Pools				
Board of Regents				
Short-Term Fund	292,404,409			
Legal Fund	6,564,009			
Diversified Fund	75,698,921			
Office of the State Treasurer				
Georgia Fund 1	30,967,034			
Total Investments	$ 408,620,994			

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, 2020 was $292,404,409, of which 100% is invested in debt securities. The Effective Duration of the Fund is 0.98 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, 2020 was $6,564,009. The Effective Duration of the Fund is 1.89 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, 2020 was $75,698,921, of which 30% is invested in debt securities. The Effective Duration of the Fund is 5.73 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 38 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, 2020, 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	$ 234,953	$ —	$ 15,383	$ 90,532	$ 129,038	$ —
U.S. Agencies						
Implicitly Guaranteed	36,495	—	—	36,495	—	—
Corporate Debt	327,134	—	32,239	180,319	114,576	—
Money Market Mutual Funds	174,392	174,392	—	—	—	—
Mutual Bond Funds	213,920	—	—	51,660	113,306	48,954
	986,894	174,392	47,622	359,006	356,920	48,954
Other Investments						
Equity Mutual Funds - Domestic	344,454					
Equity Mutual Funds - International	272,786					
Equity Securities - Domestic	795,889					
Equity Securities - International	118,595					
Real Estate Held for Investment Purposes	369,900					
Real Estate Investment Trusts	98,103					
Investment Pools						
Board of Regents						
Short-Term Fund	292,404,409					
Legal Fund	6,564,009					
Diversified Fund	75,698,921					
Office of the State Treasurer						
Georgia Fund 1	30,967,034					
Total Investments	$ 408,620,994					

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 http://bursar.gatech.edu/content/treasury-policies-procedures.

At June 30, 2020, $1,793,317 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 http://bursar.gatech.edu/content/treasury-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	$ 36,495		$ 36,495			
Corporate Debt	327,134		42,200	183,637	101,297	
Money Market Mutual Funds	174,392	174,392				
Mutual Bond Funds	213,920					213,920
	$ 751,941	$ 174,392	$ 78,695	$ 183,637	$ 101,297	$ 213,920

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 other than the U. S. Treasury or other Federal Government agencies.

At June 30, 2020, approximately 28%, 11%, 11%, 8%, and 7% of the Institute's investments were investments in Local Government Investment Pool (Georgia Fund 1), Government National Mortgage Assn. notes, Federal National Mortgage Assoc. pool, Federal Home Loan Mortgage Corp. notes, and Federal National Mortgage Assoc. notes, respectively.

Note 3 Accounts Receivable

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

	Business Type Activities	Fiduciary Fund
Student Tuition and Fees	$ 6,167,148	$ —
Auxiliary Enterprises and Other Operating Activities	1,548,558	—
Federal Financial Assistance	5,938,645	42,138
Georgia Student Finance Commission	—	9,120,658
Georgia State Financing and Investment Commission	3,322,243	—
Due from Affiliated Organizations	4,209,968	—
Due from Component Units	119,551,756	8,350
Due From USO - Capital Liability Reserve Fund	2,762,562	—
Other	19,672,384	3,250
	163,173,264	9,174,396
Less: Allowance for Doubtful Accounts	6,344,894	—
Net Accounts Receivable	$ 156,828,370	$ 9,174,396

Note 4 Inventories

Inventories consisted of the following at June 30, 2020:

Consumable Supplies	$ 1,572,220
Merchandise for Resale	104,929
Total	$ 1,677,149

Note 5 Notes and Loans Receivable

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2020. 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, 2020, the allowance for uncollectible loans was $709,626.

Note 6 Capital Assets

Changes in capital assets for the year ended June 30, 2020 are shown below:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
Capital Assets, Not Being Depreciated:				
Land	$ 60,594,235	$ 830,996	$ —	$ 61,425,231
Capitalized Collections	17,699,454	—	—	17,699,454
Construction Work-in-Progress	53,545,006	47,173,570	33,004,115	67,714,461
Software Development-in-Progress	5,505,088	—	5,505,088	—
Total Capital Assets Not Being Depreciated	137,343,783	48,004,566	38,509,203	146,839,146
Capital Assets, Being Depreciated/Amortized:				
Infrastructure	117,740,681	3,486,204	—	121,226,885
Building and Building Improvements	2,205,476,226	106,860,845	1,296,821	2,311,040,250
Facilities and Other Improvements	60,362,129	3,528,689	—	63,890,818
Equipment	618,514,910	68,423,166	34,263,535	652,674,541
Library Collections	144,329,088	6,747,467	2,544,039	148,532,516
Software	24,690,018	27,001,414	—	51,691,432
Total Capital Assets Being Depreciated/Amortized	3,171,113,052	216,047,785	38,104,395	3,349,056,442
Less: Accumulated Depreciation/Amortization				
Infrastructure	26,869,119	6,038,291	—	32,907,410
Building and Building Improvements	678,144,242	50,200,265	702,817	727,641,690
Facilities and Other Improvements	15,179,778	2,762,859	—	17,942,637
Equipment	433,208,830	39,335,028	18,813,929	453,729,929
Library Collections	114,262,226	5,717,539	2,544,039	117,435,726
Software	4,230,521	3,785,260	—	8,015,781
Total Accumulated Depreciation/Amortization	1,271,894,716	107,839,242	22,060,785	1,357,673,173
Total Capital Assets, Being Depreciated/Amortized, Net	1,899,218,336	108,208,543	16,043,610	1,991,383,269
Capital Assets, net	$ 2,036,562,119	$ 156,213,109	$ 54,552,813	$ 2,138,222,415

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, 2020, GSFIC transferred capital additions for GSFIC managed projects valued at $91,061 to the Institute. In addition, at June 30, 2020, GSFIC had construction in progress of approximately $31,318,498 for incomplete GSFIC managed projects for the Institute. For the year ended June 30, 2020, the Institute recorded $9,603,933 in capital additions from GSFIC projects managed by the Institute and recorded $4,295,976 in capital additions from donations.

The Institute had no equipment transfers to USG institutions in FY2020.

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

Fiscal Year	Depreciation Expense
2020	$ 107,839,242
2019	$ 109,097,163
2018	$ 99,006,038

Note 7 Advances (Including Tuition and Fees)

Advances, including tuition and fees, consisted of the following at June 30, 2020:

	Current Liabilities	Non-Current Liabilities
Prepaid Tuition and Fees	$ 22,918,574	$ —
Research	—	3,029,733
Other - Advances	177,697	3,100,000
Totals	$ 23,096,271	$ 6,129,733

Note 8 Long-Term Liabilities

Changes in long-term liability for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Current Portion
Leases					
Lease Purchase Obligations	$ 465,264,646	$ 70,942,645	$ 25,989,793	$ 510,217,498	$ 27,334,943
Other Liabilities					
Compensated Absences	53,834,202	38,018,949	29,423,908	62,429,243	41,210,185
Notes and Loans Payable	11,683,736	—	1,141,336	10,542,400	1,699,268
Pollution Remediation	533,941	590,916	533,941	590,916	590,916
Total	66,051,879	38,609,865	31,099,185	73,562,559	43,500,369
Total Long-Term Obligations	$ 531,316,525	$ 109,552,510	$ 57,088,978	$ 583,780,057	$ 70,835,312

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. No recoveries from third parties are expected.

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 matures during fiscal year 2031.

Below is the annual debt service related to the outstanding notes payable at June 30, 2020.

	Principal	Interest
Year Ending June 30:		
2021	$ 1,699,268	$ 239,095
2022	1,737,535	200,828
2023	1,776,677	161,686
2024	1,204,896	123,203
2025	615,212	102,622
2026 through 2030	3,330,529	258,646
2031 through 2035	178,283	1,174
	$ 10,542,400	$ 1,087,254

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, 2020, consisted of the following:

Deferred Outflows of Resources	
Deferred Outflows on Defined Benefit Pension Plans (See Note 14)	$ 173,244,267
Deferred Outflows on OPEB Plan (See Note 17)	75,420,830
Total Deferred Outflows of Resources	$ 248,665,097

Deferred Inflows of Resources	
Unavailable Revenues	$ 575,254
Deferred Inflows on Defined Benefit Pension Plans (See Note 14)	13,089,760
Deferred Inflows on OPEB Plan (See Note 17)	81,198,010
Total Deferred Inflows of Resources	$ 94,863,024

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, 2020 is as follows:

Net Investment in Capital Assets	$ 1,606,259,990
Restricted for	
Nonexpendable	
Permanent Endowment	70,499,912
Expendable	
Sponsored and Other Organized Activities	1,565,872
Federal Loans	5,444,118
Institutional Loans	8,972,018
Quasi-Endowments	10,261,319
Sub-Total	26,243,327
Unrestricted	
Auxiliary Enterprises Operations	118,266,185
Reserve for Encumbrances	80,222,635
Reserve for Inventory	1,664,323
Capital Liability Reserve Fund	2,762,562
Other Unrestricted (Deficit)	(879,611,012)
Sub-Total	(676,695,307)
Total Net Position	$ 1,026,307,922

Other unrestricted net position is reduced by $692,105,273 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 $375,050,414 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, 2020 are as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
Net Investments in Capital Assets	$ 1,551,459,418	$ 258,179,365	$ 203,378,793	$ 1,606,259,990
Restricted Net Position	101,206,747	1,029,287,039	1,033,750,547	96,743,239
Unrestricted Net Position	(640,856,247)	963,173,196	999,012,256	(676,695,307)
Total Net Position	$ 1,011,809,918	$ 2,250,639,600	$ 2,236,141,596	$ 1,026,307,922

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 $2,130,939 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, 2020. In addition to these encumbrances, the Institute had other significant unearned outstanding construction or renovation contracts in the amount of $33,308,246 executed as of June 30, 2020. This amount is not reflected in the accompanying basic financial statements.

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 2020 were $54,728,129. Principal and interest payments related to capital leases for fiscal year 2020 were $25,989,793 and $24,812,064, respectively and $3,926,273 represented executory costs. Interest rates range from 0.80% to 6.70%.

The Institute has $403,820,958 in outstanding lease obligations due to component units. Component units have $403,820,958 in investment in capital lease receivables due from the Institute.

The Institute has $10,975,725 in outstanding lease obligations due to affiliated organizations.

The following is a summary of the carrying values of assets held under capital lease at June 30, 2020:

Description	Gross Amount	Less: Accumulated Depreciation	Net, Capital Assets Held Under Capital Lease at June 30, 2020	Outstanding Balance per Lease Schedules at June 30, 2020
	(+)	(-)	(=)	
Leased Land and Land Improvements	$ 14,413,206	$ —	$ 14,413,206	$ 9,108,860
Leased Infrastructure	39,705,000	17,748,135	21,956,865	32,595,442
Leased Equipment	8,185,264	—	8,185,264	8,185,440
Leased Buildings and Building Improvements	647,551,759	182,097,280	465,454,479	459,878,217
Leased Facilities and Other Improvements	607,670	339,552	268,118	449,539
Total Assets Held Under Capital Lease	$ 710,462,899	$ 200,184,967	$ 510,277,932	$ 510,217,498

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	
Institute for Bioeng & Biosci	GTRC	$ 21,560,000	30 yrs	11/1997	8/2027	$ 9,400,000	(1)
Campus Recreation Center/Pkg	GTF	44,980,000	30 yrs	2/2001	4/2031	25,635,000	(1)
Technology Square Research Bldg.	TUFF	76,150,584	29 yrs	12/2002	12/2031	60,646,390	
Technology Square Complex	GTF	142,298,200	29 yrs	8/2003	4/2032	77,221,801	(1)
Married Family Housing	GTFI	60,485,000	25 yrs	10/2005	4/2030	32,325,000	(1)
Molecular Sciences & Eng.	GTFI	75,205,000	35 yrs	9/2006	6/2041	57,757,857	(1)
Klaus Advanced Computing Pkg.	GTFI	9,835,000	20 yrs	10/2005	4/2025	3,555,000	(1)
Electrical Sub Station	GTFI	39,705,000	33 yrs	10/2007	12/2039	32,595,442	(1)
North Ave Apts (Pkg/Dining)	GTFI	82,705,494	25 yrs	7/2011	6/2036	55,024,291	(1)
Carbon Neutral Energy Solutions	GTFI	13,815,000	31 yrs	10/2011	4/2042	11,911,961	(1)
Library Service Center	EmTech	11,632,450	30 yrs	11/2015	10/2045	10,975,725	(1)
Georgia Tech Cobb Research Campus	GATV	64,614,756	30 yrs	6/2019	5/2049	63,256,400	(1)
Dalney Building	GTFI	35,636,440	30 yrs	9/2019	8/2049	35,138,206	(1)
Computer Equipment	Cadence Bank	8,185,440	4 yrs	7/2020	6/2024	8,185,440	
GT-Savannah	TUFF	27,120,765	13 yrs	4/2020	12/2032	26,588,985	
Total Leases		$713,929,129				$510,217,498	

(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 2020 was $31,449,911, which includes payments to related parties of $14,954,881. The Institute is obligated to pay these related parties a total of $16,919,464 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, 2020, are as follows:

	Real Property and Equipment	
	Capital Leases	Operating Leases
Year Ending June 30:		
2021	$ 53,509,698	$ 34,464,335
2022	53,716,884	24,727,361
2023	52,036,014	24,272,037
2024	52,269,508	21,480,119
2025	50,258,116	20,801,539
2026 through 2030	247,190,042	103,167,445
2031 through 2035	134,771,010	53,744,615
2036 through 2040	83,264,147	2,729,988
2041 through 2045	47,362,770	—
2046 through 2050	26,868,257	—
Total Minimum Lease Payments	801,246,446	$ 285,387,439
Less: Interest	228,459,410	
Less: Executory Costs	62,569,538	
Principal Outstanding	$ 510,217,498	

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 2020. The Institute's contractually required contribution rate for the year ended June 30, 2020 was 21.14% of the Institute's annual payroll. The Institute's contributions to TRS totaled $68,762,856 for the year ended June 30, 2020.

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, 2020 was 24.66% of annual covered payroll for old and new plan members and 21.64% for GSEPS members. The Institute's contributions to ERS totaled $286,161 for the year ended June 30, 2020. 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, 2020, 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, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019 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, 2019. At June 30, 2019, the Institute's TRS proportion was 2.481423%, which was an increase of 0.061408% from its proportion measured as

of June 30, 2018. At June 30, 2019, the Institute's ERS proportion was 0.039546%, which was a decrease of (0.004039)% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Institute recognized pension expense of $102,981,793 for TRS and $81,531 for ERS. At June 30, 2020, 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	$ 30,074,896	$ 158,191	$ 54,346	$ —
Changes of assumptions	51,203,295	—	28,723	—
Net difference between projected and actual earnings on pension plan investments	—	12,706,002	—	50,797
Changes in proportion and differences between contributions and proportionate share of contributions	22,833,990	—	—	174,770
Contributions subsequent to the measurement date	68,762,856	—	286,161	—
Total	$ 172,875,037	$ 12,864,193	$ 369,230	$ 225,567

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, 2021. 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
2021	$ 37,830,308	$ (61,672)
2022	$ 11,822,557	$ (77,553)
2023	$ 21,654,907	$ (10,007)
2024	$ 19,940,216	$ 6,734

Actuarial assumptions

The total pension liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018 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 were based on the 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) 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 (set forward two years for males and four years for females) was used for death after disability retirement. 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, 2018 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 long-term assumed rate of return.

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, 2018 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	$ 866,145,214	$ 533,573,043	$ 260,080,550

Employees' Retirement System:

	1% Decrease 6.30%	Current discount rate 7.30%	1% Increase 8.30%
Proportionate share of the net pension liability	$ 2,319,049	$ 1,631,878	$ 1,046,076

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 2020, 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 $39,323,000 (9.24%) and $25,541,376 (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 2020, 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 Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020.

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 2020, 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, 2020:

Active Employees	8,021
Retirees or Beneficiaries Receiving Benefits	1,887
Retirees Receiving Life Insurance Only	365
Total	10,273

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 2020 plan year, the employer rate was approximately 84% of the total health insurance cost for eligible retirees and the retiree rate was approximately 16%. 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 2020, the Institute contributed $15,971,762 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, 2020, the Institute reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of May 1, 2019. An expected total OPEB liability as of June 30, 2019 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, 2019. At June 30, 2019, the Institute's proportion was 15.348712%, which was an increase of 0.388681% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Institute recognized OPEB expense of $52,620,482. At June 30, 2020, 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	$ 38,066,349	$ 3,916,683
Changes of assumptions	—	77,101,027
Net difference between projected and actual earnings on OPEB plan investments	—	180,300
Changes in proportion and differences between contributions and proportionate share of contributions	21,382,719	—
Contributions subsequent to the measurement date	15,971,762	—
Total	$ 75,420,830	$ 81,198,010

The Institute's contributions subsequent to the measurement date of $15,971,762 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, 2021. 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:		
2021	$	(6,066,990)
2022	$	(6,066,990)
2023	$	(5,839,095)
2024	$	(1,444,431)
2025	$	(1,284,734)
Thereafter	$	(1,046,702)

Actuarial assumptions

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of May 1, 2019 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 6/30/2019 3.50% from Bond Buyers GO 20-Bond Municipal Bond Index Interest Rate as of 6/30/2018 3.87% from Bond Buyers GO 20-Bond Municipal Bond Index Long-term Rate of Return 4.50% General Inflation 2.50% Salary Increase 4.00%
Mortality Rates	Healthy:Pub-2010 for General Employees and Teachers (as appropriate) headcount weighted projected with scale MP-2018 Disabled: Pub-2010 Disabled Mortality for General Employees and Teachers (as appropriate) headcount weighted projected with scale
Initial Health Care Cost Trend	
Pre-Medicare Eligible	6.9%
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

Changes in Assumptions Since Prior Valuation

Expected claims costs were updated to reflect actual claims experience. Trend rate schedule was updated to reflect current estimates of the impact of the Excise Tax, due to the updated claims assumption. Mortality rates were changed from the RP-2014 White Collar Mortality Table with Generational Improvements by Scale MP-2014 to Pub-2010 for General Employees and Teachers (as appropriate) headcount weighted projected with MP-2018. Retirement rates were updated from the rates developed for the Teacher's Retirement System to rates based on actual experience. The discount rate was updated from 3.87% to 3.50% as of June 30, 2019.

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, 2019 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return, Net of Inflation	Target Allocation
Fixed Income	1.09%	70%
Equity Allocation	4.46%	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, 2019. 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 4.50% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2019. 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 3.50% 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 (2.50%) or 1 percentage point higher (4.50%) than the current discount rate (3.50%):

	1% Decrease 2.50%	Current Rate 3.50%	1% Increase 4.50%
Proportionate Share of the Net OPEB Liability	$ 812,419,636	$ 686,328,093	$ 581,209,170

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	$ 575,494,500	$ 686,328,093	$ 825,194,080
Pre-Medicare Eligible	5.9% decreasing to 3.5%	6.9% decreasing to 4.5%	7.9% 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 Consolidated Annual 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 2020 are shown below:

	Natural Classification				
Functional Classification	Faculty Salaries	Staff Salaries	Employee Benefits	Other Personal Services	Travel
Instruction	$ 145,528,111	$ 81,229,114	$ 79,104,344	$ 422,220	$ 4,598,506
Research	316,815,911	144,525,815	156,032,529	1,176,330	15,687,034
Public Service	12,517,940	25,729,831	14,613,756	1,316,468	622,985
Academic Support	8,089,405	29,789,056	14,616,838	464,425	605,395
Student Services	912,336	16,355,246	6,039,736	66,273	373,967
Institutional Support	5,425,536	67,385,195	26,662,840	228,250	766,350
Plant Operations and Maintenance	428,025	34,626,844	14,220,057	166,315	95,447
Auxiliary Enterprises	—	21,404,810	6,512,072	9,262	94,617
Total Operating Expenses	$ 489,717,264	$ 421,045,911	$ 317,802,172	$ 3,849,543	$ 22,844,301

	Natural Classification				
Functional Classification	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/ Amortization	Total Operating Expenses
Instruction	$ 1,840,136	$ 698,637	$ 44,451,997	$ 5,419,375	$ 363,292,440
Research	852,416	2,964,363	245,551,649	53,221,833	936,827,880
Public Service	9,571	210,720	20,369,811	405,276	75,796,358
Academic Support	5,750	354,587	17,733,868	9,454,079	81,113,403
Student Services	185,034	279,916	12,128,188	4,551,986	40,892,682
Institutional Support	—	407,286	45,216,053	8,259,005	154,350,515
Plant Operations and Maintenance	—	17,489,787	95,592,693	12,887,040	175,506,208
Scholarships and Fellowships	41,650,337	—	19,383	—	41,669,720
Auxiliary Enterprises	—	10,023,119	28,826,683	13,640,648	80,511,211
Total Operating Expenses	$ 44,543,244	$ 32,428,415	$ 509,890,325	$ 107,839,242	$1,949,960,417

Note 19 Subsequent Events

In May 2018, the Board of Regents of the University System of Georgia (BOR) authorized the Eco-Commons Glade (the “Glade”) project. The Glade is an eight-acre portion of the Eco-Commons, which encompasses approximately eighty acres of space on campus, and includes a performance landscape and passive green space, which will become the centerpiece for non-structured activities enhancing campus life. Consistent with GIT’s philosophy of using its campus as a Living Learning Laboratory, the Glade project will include the creation of a stream channel used to educate students about historic water flow and storm water capture for reuse and infiltration. This stream channel moves Georgia Tech’s closer to its goal of reducing storm water runoff by fifty percent. A regional cistern will supply water for irrigation, reducing the demand for potable water by at least six million gallons annually. Other targeted ecological performance outcomes of the Glade include a 20% increase in the campus tree canopy, a 26% increase in woodland areas, and a 92% reduction in impervious surfaces. The Glade has a total project budget of $12.5 million. Construction for this project began in September 2019 and with an expected completion in fall 2020.

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 comprised of a student center, pavilion, exhibition hall, and café. The existing Fred B. Wenn Student Center will undergo related improvements as part 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 lease term is for thirty-one years. Total estimated rental payments will be $203,997,229 over the lease period. Semi-annual rental payments will include base rent and a repair and replacement contribution. Rental payments will begin fiscal year 2021 with total rental payments expected to equal $1,613,472. The capital lease liability and capital asset 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, 2020, the Foundation distributed $75.3 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, 2020, GTFI distributed $290,000 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, 2020, the Research Corporation distributed $893 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, 2020, the Athletic Association distributed $45.7 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, 2020, GATV distributed $754,692 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 $14,016,720 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 $110,095,000 million at June 30, 2020. 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 and GTFI had net adjustments totaling $5,448,000 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, 2020:

	Fair Value	Level 1	Level 3	NAV
Investment type				
Bond Securities	$ 195,189,499	$ 194,153,499	$ —	$ 1,036,000
Money Market Mutual Funds	68,101,000	68,101,000	—	—
Other Investments				
Equity Securities - Domestic	238,815,000	238,451,000	—	364,000
Equity Securities - International	309,231,000	292,976,000	—	16,255,000
Real Estate Held for Investment Purposes	66,000,000	—	66,000,000	—
Real Estate Investment Trusts	42,435,000	—	—	42,435,000
Other	1,105,588,344	(3,685,000)	1,175,344	1,108,098,000
	$ 2,025,359,843	$ 789,996,499	$ 67,175,344	$ 1,168,188,000
Reported as cash and cash equivalents on the Statement of Net Position				
Investment Pools				
Board of Regents				
Short-Term Fund	12,830,829			
Total Investments	$ 2,038,190,672			

Combined endowments for Component Units are comprised of the following amounts at June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning Balance	$ 105,522,000	$ 1,349,513,000	$ 1,455,035,000
Contributions	868,000	41,904,000	42,772,000
Net realized and unrealized gains	1,607,000	21,459,000	23,066,000
Appropriation of endowment assets for expenditure	(4,080,000)	(56,655,000)	(60,735,000)
Other	284,000	713,000	997,000
Ending Balance	$ 104,201,000	$ 1,356,934,000	$ 1,461,135,000

Combined amounts due to Component Units from Georgia Tech and other entities for direct financing leases as of June 30, 2020 is as follows:

	Year:	Total
Year Ending June 30:		
2021	1	$ 37,953,059
2022	2	38,765,686
2023	3	36,517,683
2024	4	36,716,585
2025	5	37,313,074
2026 through 2030	6-10	176,945,069
2031 through 2035	11-15	108,354,758
2036 through 2040	16-20	77,342,156
2041 through 2045	21-25	43,344,610
2046 through 2050	26-30	32,138,976
2051 through 2055	31-35	9,779,847
Thereafter	36-99	213,427,922
Total Minimum Lease Payments to be Received		848,599,425
Unearned Income		(425,414,684)
Net Investment in Direct Financing Lease Receivable		$ 423,184,741

Combined capital assets for Component Units are comprised of the following amounts at June 30, 2020:

Capital Assets not being Depreciated:	
Land	$ 98,515,825
Capitalized Collections	3,962,735
Construction Work-in-Progress	38,362,976
Total Capital Assets not being Depreciated	140,841,536
Capital Assets, Being Depreciated/Amortized:	
Infrastructure	3,824,225
Building and Building Improvements	384,098,526
Facilities and Other Improvements	10,514,553
Equipment	18,905,907
Capital Leases	66,936,210
Software	1,262,977
Total Capital Assets being Depreciated/Amortized	485,542,398
Less Total Accumulated Depreciation/Amortization	168,126,109
Total Capital Assets being Depreciated/Amortized, Net	317,416,289
Capital Assets, Net	$ 458,257,825

Combined long-term liabilities for Component Units includes the following amounts at June 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within One Year
Claims and Judgments	$ 1,580,624	$ —	$ 976,692	$ 603,932	$ 250,000
Compensated Absences	444,000	275,000	268,000	451,000	451,000
Lease Purchase Obligation (Capital Lease)	57,814,255	—	2,807,308	55,006,947	2,808,642
Liabilities under Split Interest Agreement	17,027,000	2,668,000	1,646,000	18,049,000	1,646,000
Notes and Loans Payable	147,078,935	28,100,000	54,781,747	120,397,188	32,279,509
Note (Discount)	(411,000)	59,000	—	(352,000)	—
Revenue/Mortgage Bonds Payable	848,963,000	281,040,000	151,153,000	978,850,000	108,239,000
Bond - Premium	50,454,916	25,153,795	7,433,839	68,174,872	—
Bond - (Discount and Issuance Cost)	(25,806,491)	(654,657)	(2,529,253)	(23,931,895)	—
Total Long Term Liabilities	$1,097,145,239	$ 336,641,138	$ 216,537,333	$ 1,217,249,044	$ 145,674,151

Combined capital lease obligations for component units are comprised of the following amounts at June 30, 2020:

Year ending June 30:		
2021	1	$ 5,660,336
2022	2	5,775,980
2023	3	5,857,919
2024	4	5,644,264
2025	5	5,742,734
2026 through 2030	6-10	26,658,232
2031 through 2035	11-15	21,972,776
Total minimum lease payments		77,312,241
Less: Interest		22,305,294
Principal Outstanding		$ 55,006,947

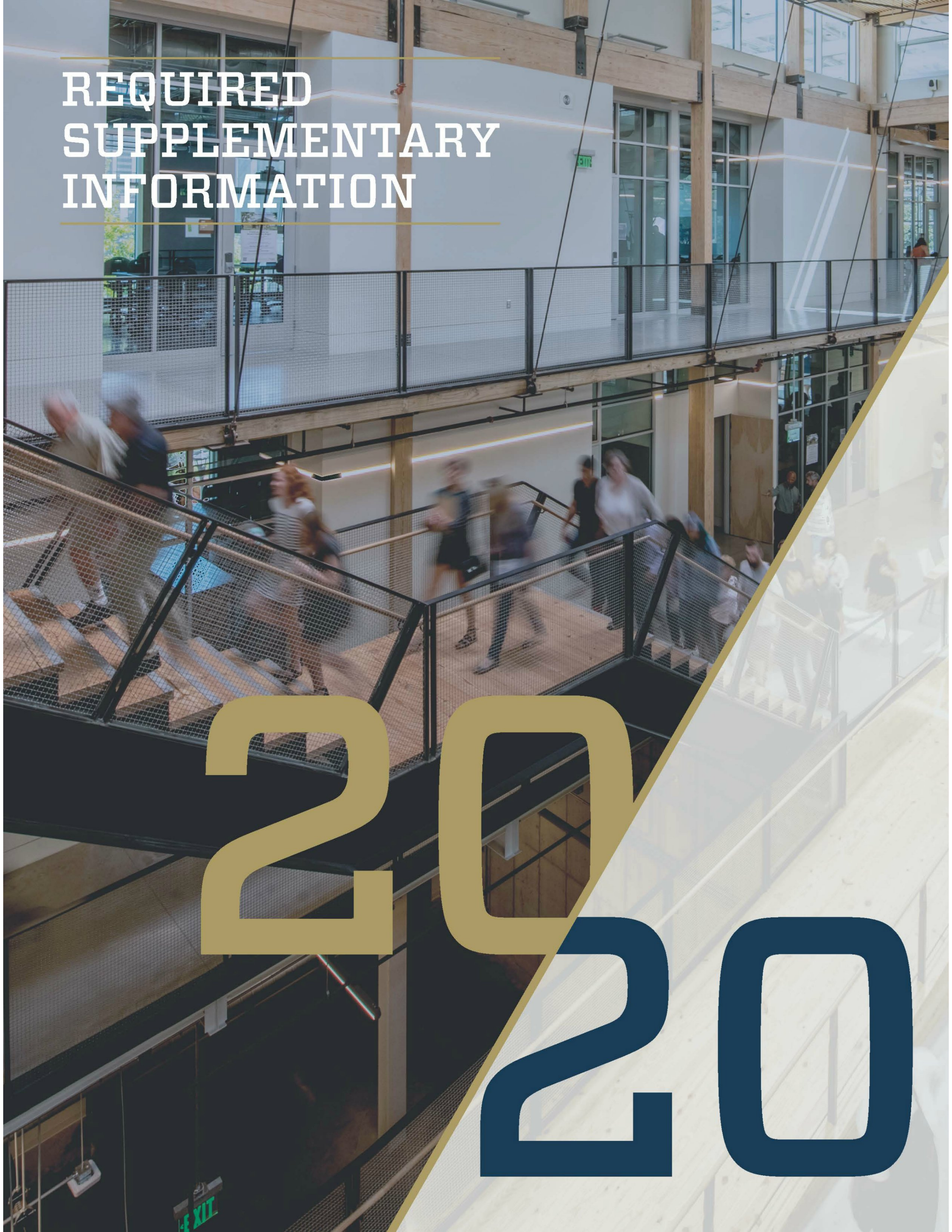
Combined notes and loans payable for Component Units are comprised of the following amounts at June 30, 2020:

		Principal	Interest	Total
Year ending June 30:				
2021	1	$ 32,279,509	$ 4,369,607	$ 36,649,116
2022	2	3,693,323	4,264,476	7,957,799
2023	3	4,185,057	3,971,552	8,156,609
2024	4	45,174,059	3,102,614	48,276,673
2025	5	2,519,333	1,627,477	4,146,810
2026 through 2030	6-10	30,481,967	4,987,316	35,469,283
2031 through 2035	11-15	2,063,940	258,236	2,322,176
		120,397,188	22,581,278	142,978,466
Note (Discount)/Cost of Issuance		(352,000)	—	(352,000)
Total		$ 120,045,188	$ 22,581,278	$ 142,626,466

Combined bonds payable for Component Units are comprised of the following amounts at June 30, 2020:

		Principal	Interest	Total
Year ending June 30:				
2021	1	$ 108,239,000	$ 37,360,836	$ 145,599,836
2022	2	57,626,000	36,139,231	93,765,231
2023	3	28,600,000	34,861,559	63,461,559
2024	4	31,455,000	33,580,745	65,035,745
2025	5	34,157,000	32,152,282	66,309,282
2026 through 2030	6-10	179,703,000	136,203,639	315,906,639
2031 through 2035	11-15	135,720,000	95,618,512	231,338,512
2036 through 2040	16-20	131,190,000	68,902,538	200,092,538
2041 through 2045	21-25	118,315,000	41,253,538	159,568,538
2046 through 2050	26-30	145,880,000	17,102,509	162,982,509
2051 through 2055	31-35	7,965,000	602,250	8,567,250
		978,850,000	533,777,639	1,512,627,639
Bond Premium		68,173,871	—	68,173,871
Bond (Discount and Other Issuance Cost)		(23,930,894)	—	(23,930,894)
Total		$ 1,023,092,977	$ 533,777,639	$ 1,556,870,616

REQUIRED SUPPLEMENTARY INFORMATION



2020

GEORGIA INSTITUTE OF TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
DEFINED BENEFIT PENSION PLAN
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	6/30/2020	$ 286,161	$ 286,161	$ —	$ 1,159,896	24.67%
	6/30/2019	$ 247,003	$ 247,003	$ —	$ 996,845	24.78%
	6/30/2018	$ 281,114	$ 281,114	$ —	$ 1,132,404	24.82%
	6/30/2017	$ 326,303	$ 326,303	$ —	$ 1,306,263	24.98%
	6/30/2016	$ 333,318	$ 333,318	$ —	$ 1,337,706	24.92%
	6/30/2015	$ 265,180	$ 265,180	$ —	$ 1,206,149	21.99%
	6/30/2014	$ 196,257	$ 196,257	$ —	$ 1,094,942	17.92%
	6/30/2013	$ 153,729	$ 153,729	$ —	$ 1,038,464	14.80%
	6/30/2012	$ 105,626	$ 105,626	$ —	$ 900,481	11.73%
	6/30/2011	$ 76,280	$ 76,280	$ —	$ 732,757	10.41%
Teachers Retirement System	6/30/2020	$ 68,762,856	$ 68,762,856	$ —	$ 324,637,257	21.18%
	6/30/2019	$ 63,347,815	$ 63,347,815	$ —	$ 302,967,368	20.91%
	6/30/2018	$ 48,433,865	$ 48,433,865	$ —	$ 288,778,252	16.77%
	6/30/2017	$ 38,573,130	$ 38,573,130	$ —	$ 270,480,254	14.26%
	6/30/2016	$ 35,868,907	$ 35,868,907	$ —	$ 251,089,879	14.29%
	6/30/2015	$ 31,122,618	$ 31,122,618	$ —	$ 236,515,744	13.16%
	6/30/2014	$ 27,139,593	$ 27,139,593	$ —	$ 221,162,197	12.27%
	6/30/2013	$ 24,374,980	$ 24,374,980	$ —	$ 213,368,556	11.42%
	6/30/2012	$ 21,634,408	$ 21,634,408	$ —	$ 210,451,440	10.28%
	6/30/2011	$ 21,318,703	$ 21,318,703	$ —	$ 207,380,379	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 SIX 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 System	6/30/2020	0.039546%	$ 1,631,878	$ 996,845	163.70%	76.74%
	6/30/2019	0.043585%	$ 1,791,794	$ 1,132,404	158.23%	76.68%
	6/30/2018	0.052022%	$ 2,112,788	$ 1,306,263	161.74%	76.33%
	6/30/2017	0.055955%	$ 2,646,907	$ 1,337,706	197.87%	72.34%
	6/30/2016	0.047215%	$ 1,906,547	$ 1,206,149	158.07%	76.20%
	6/30/2015	0.047000%	$ 1,770,854	$ 1,094,942	161.73%	77.99%
Teachers Retirement System	6/30/2020	2.481423%	$ 533,573,043	$ 302,967,368	176.12%	78.56%
	6/30/2019	2.420015%	$ 449,206,621	$ 288,778,252	155.55%	80.27%
	6/30/2018	2.351530%	$ 437,039,093	$ 270,480,254	161.58%	79.33%
	6/30/2017	2.288606%	$ 472,164,936	$ 251,089,879	188.05%	76.06%
	6/30/2016	2.239970%	$ 341,013,190	$ 236,515,744	144.18%	81.44%
	6/30/2015	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, 2020

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.

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%.

GEORGIA INSTITUTE OF TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FOR OPEB PLAN
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST FOUR 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)
6/30/2020	$ 15,971,762	$ 15,971,762	$ —	$ 784,908,579	2.03%
6/30/2019	$ 24,616,725	$ 24,616,725	$ —	$ 701,902,432	3.51%
6/30/2018	$ 23,699,671	$ 23,699,671	$ —	$ 677,223,508	3.50%
6/30/2017	$ 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 THREE YEARS*

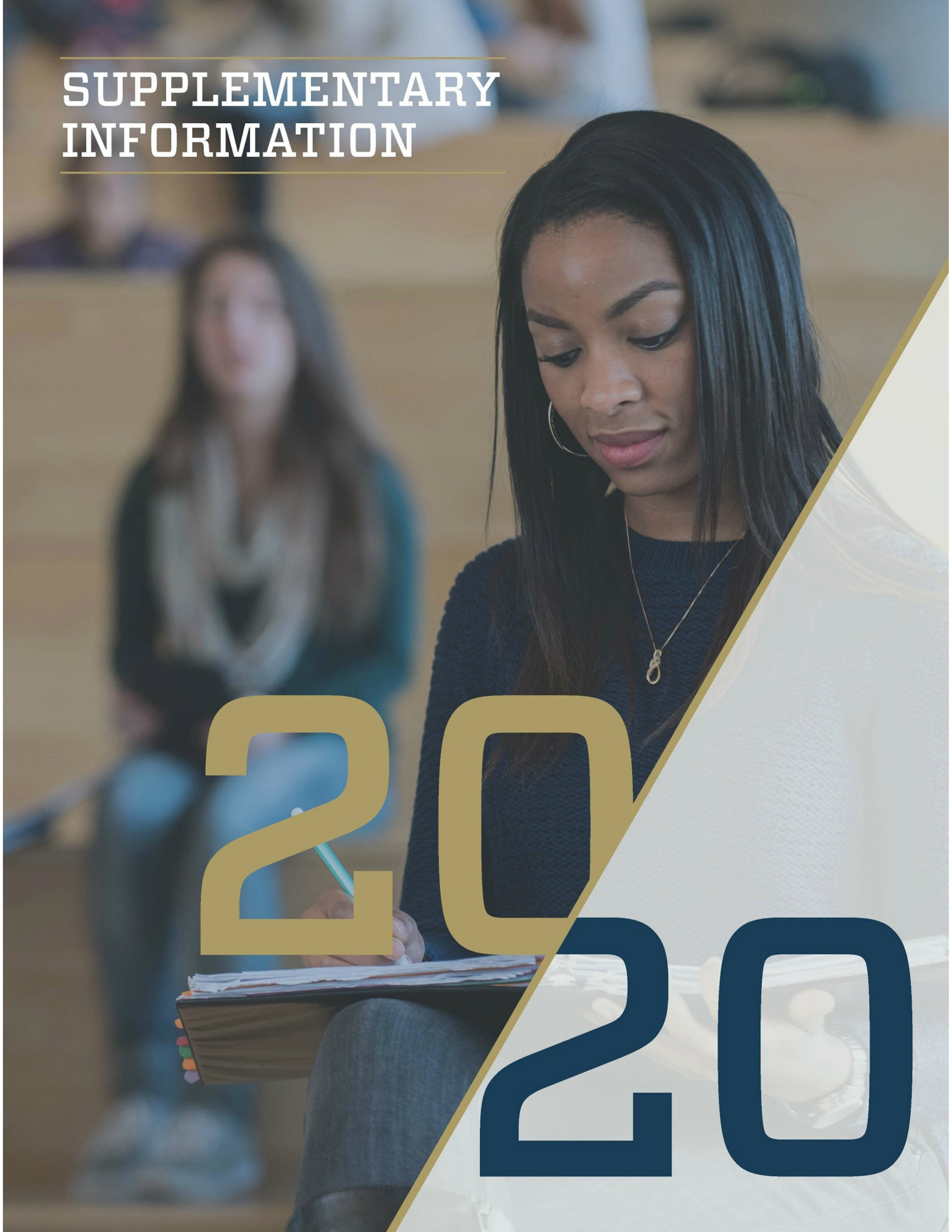
Year Ended	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Employee Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
6/30/2020	15.348712%	$ 686,328,093	$ 701,902,432	97.78%	3.13%
6/30/2019	14.960031%	$ 659,849,732	$ 677,223,508	97.43%	1.69%
6/30/2018	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, 2020

Changes in Assumptions Since Prior Valuation

Expected claims costs were updated to reflect actual claims experience. Trend rate schedule was updated to reflect current estimates of the impact of the Excise Tax, due to the updated claims assumption. Mortality rates were changed from the RP-2014 White Collar Mortality Table with Generational Improvements by Scale MP-2014 to Pub-2010 for General Employees and Teachers (as appropriate) headcount weighted projected with MP-2018. Retirement rates were updated from the rates developed for the Teacher's Retirement System to rates based on actual experience. The discount rate was updated from 3.87% to 3.50% as of June 30, 2019.


SUPPLEMENTARY
INFORMATION
2020

GEORGIA INSTITUTE OF TECHNOLOGY
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUNDS
JUNE 30, 2020
(UNAUDITED)

ASSETS		
Cash and Cash Equivalents	$	105,733,095.95
Accounts Receivable		
Federal Financial Assistance		5,834,494.46
Other		122,900,833.37
Prepaid Expenditures		9,284,679.13
Inventories		582,288.94
Total Assets	$	244,335,391.85
LIABILITIES AND FUND EQUITY		
Liabilities		
Accrued Payroll	$	6,490,000.41
Encumbrance Payable		67,570,042.26
Accounts Payable		36,694,943.33
Unearned Revenue		25,753,052.45
Other Liabilities		1,304.53
Total Liabilities		136,509,342.98
Fund Balances		
Reserved		
Department Sales and Services		23,519,279.01
Indirect Cost Recoveries		45,667,342.58
Technology Fees		3,091,425.78
Restricted/Sponsored Funds		701,172.45
Uncollectible Accounts Receivable		5,204,926.63
Inventories		614,839.05
Tuition Carry - Forward		12,512,628.00
Unreserved		
Surplus		16,514,435.37
Total Fund Balances		107,826,048.87
Total Liabilities and Fund Balances	$	244,335,391.85

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
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

			Funds Available Compared to Budget	
	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Reserve Carry-Over
Enterprise Innovation Institute				
State Appropriation				
State General Funds	$ 19,991,671.00	$ 19,106,171.00	$ 19,106,171.00	$ —
Other Funds	14,400,000.00	18,324,210.00	12,667,358.97	923,663.64
Total Enterprise Innovation Institute	34,391,671.00	37,430,381.00	31,773,529.97	923,663.64
Georgia Tech Research Institute				
State Appropriation				
State General Funds	6,099,156.00	5,855,190.00	5,855,190.00	—
Coronavirus Relief Funds				
Other Federal Funds	—	817,263.00	410,485.18	—
Other Funds	477,980,336.00	579,526,081.00	549,884,404.15	3,508,559.25
Total Georgia Tech Research Institute	484,079,492.00	586,198,534.00	556,150,079.33	3,508,559.25
Teaching				
State Appropriation				
State General Funds	334,515,381.00	328,021,885.00	328,021,885.00	—
Coronavirus Relief Funds				
Other Federal Funds	—	9,208,338.00	9,031,586.48	—
Other Funds	1,054,950,000.00	1,198,991,662.00	1,026,283,244.59	68,029,707.85
Total Teaching	1,389,465,381.00	1,536,221,885.00	1,363,336,716.07	68,029,707.85
Total Operating Activity	$ 1,907,936,544.00	$ 2,159,850,800.00	$ 1,951,260,325.37	$ 72,461,930.74

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
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Funds Available Compared to Budget			Expenditures Compared to Budget		
	Program Transfers or Adjustments	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	$ —	$ 19,106,171.00	$ —	$ 19,106,153.76	$ 17.24	$ 17.24
Other Funds	—	13,591,022.61	(4,733,187.39)	12,302,323.02	6,021,886.98	1,288,699.59
Total Enterprise Innovation Institute	—	32,697,193.61	(4,733,187.39)	31,408,476.78	6,021,904.22	1,288,716.83
Georgia Tech Research Institute						
State Appropriation						
State General Funds	—	5,855,190.00	—	5,855,190.00	—	—
Coronavirus Relief Funds						
Other Federal Funds	—	410,485.18	(406,777.82)	410,485.18	406,777.82	—
Other Funds	—	553,392,963.40	(26,133,117.60)	549,230,785.30	30,295,295.70	4,162,178.10
Total Georgia Tech Research Institute	—	559,658,638.58	(26,539,895.42)	555,496,460.48	30,702,073.52	4,162,178.10
Teaching						
State Appropriation						
State General Funds	—	328,021,885.00	—	313,413,594.68	14,608,290.32	14,608,290.32
Coronavirus Relief Funds						
Other Federal Funds	—	9,031,586.48	(176,751.52)	9,031,586.48	176,751.52	—
Other Funds	7,903,242.81	1,102,216,195.25	(96,775,466.75)	1,018,455,756.38	180,535,905.62	83,760,438.87
Total Teaching	7,903,242.81	1,439,269,666.73	(96,952,218.27)	1,340,900,937.54	195,320,947.46	98,368,729.19
Total Operating Activity	$ 7,903,242.81	$ 2,031,625,498.92	$ (128,225,301.08)	$ 1,927,805,874.80	$ 232,044,925.20	$ 103,819,624.12

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
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Beginning Fund Balance/(Deficit)	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2019 Surplus	Prior Year Adjustments	Other Adjustments
Enterprise Innovation Institute					
Development Institute					
State Appropriation					
State General Funds	$ —	$ —	$ —	$ 47.38	$ —
Other Funds	923,663.64	(923,663.64)	—	—	(1,123.88)
Total Enterprise Innovation Institute	923,663.64	(923,663.64)	—	47.38	(1,123.88)
Georgia Tech Research Institute					
State Appropriation					
State General Funds	657.29	—	(657.29)	3,352.50	—
Other Funds	3,508,559.25	(3,508,559.25)	—	—	—
Total Georgia Tech Research Institute	3,509,216.54	(3,508,559.25)	(657.29)	3,352.50	—
Teaching					
State Appropriation					
State General Funds	130,767.27	—	(130,767.27)	233,230.18	(159,625.45)
Other Funds	68,247,002.75	(68,029,707.85)	(217,294.90)	1,642,329.19	(3,531,550.85)
Total Teaching	68,377,770.02	(68,029,707.85)	(348,062.17)	1,875,559.37	(3,691,176.30)
Total Operating Activity	72,810,650.20	(72,461,930.74)	(348,719.46)	1,878,959.25	(3,692,300.18)
Prior Year Reserves					
Not Available for Expenditure					
Inventories	455,213.60	—	—	—	159,625.45
Uncollectible Accounts Receivable	1,672,251.90	—	—	—	3,532,674.73
Budget Unit Totals	$ 74,938,115.70	$ (72,461,930.74)	$ (348,719.46)	$ 1,878,959.25	$ —

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GEORGIA INSTITUTE OF TECHNOLOGY
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Early Return of Fiscal Year 2020 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	$ —	$ 17.24	$ 64.62	$ —	$ 64.62	$ 64.62
Other Funds	—	1,288,699.59	1,287,575.71	1,287,575.71	—	1,287,575.71
Total Enterprise Innovation Institute	—	1,288,716.83	1,287,640.33	1,287,575.71	64.62	1,287,640.33
Georgia Tech Research Institute						
State Appropriation						
State General Funds	—	—	3,352.50	—	3,352.50	3,352.50
Other Funds	—	4,162,178.10	4,162,178.10	4,162,178.10	—	4,162,178.10
Total Georgia Tech Research Institute	—	4,162,178.10	4,165,530.60	4,162,178.10	3,352.50	4,165,530.60
Teaching						
State Appropriation						
State General Funds	—	14,608,290.32	14,681,895.05	—	14,681,895.05	14,681,895.05
Other Funds	—	83,760,438.87	81,871,217.21	80,042,094.01	1,829,123.20	81,871,217.21
Total Teaching	—	98,368,729.19	96,553,112.26	80,042,094.01	16,511,018.25	96,553,112.26
Total Operating Activity	—	103,819,624.12	102,006,283.19	85,491,847.82	16,514,435.37	102,006,283.19
Prior Year Reserves						
Not Available for Expenditure						
Inventories	—	—	614,839.05	614,839.05	—	614,839.05
Uncollectible Accounts Receivable	—	—	5,204,926.63	5,204,926.63	—	5,204,926.63
Budget Unit Totals	$ —	$103,819,624.12	$107,826,048.87	$ 91,311,613.50	$ 16,514,435.37	$107,826,048.87

	Reserved	Surplus/(Deficit)	Total
Departmental Sales and Services	$ 23,519,279.01	$ —	$ 23,519,279.01
Indirect Cost Recovery	45,667,342.58	—	45,667,342.58
Technology Fees	3,091,425.78	—	3,091,425.78
Restricted/Sponsored Funds	701,172.45	—	701,172.45
Tuition Carry-Forward	12,512,628.00	—	12,512,628.00
Uncollectible Accounts Receivable	5,204,926.63	—	5,204,926.63
Inventories	614,839.05	—	614,839.05
Surplus	—	16,514,435.37	16,514,435.37
	$ 91,311,613.50	$ 16,514,435.37	$107,826,048.87

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