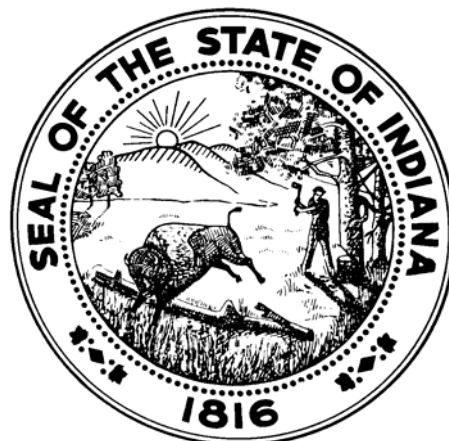


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

INDIANA UNIVERSITY
BLOOMINGTON, INDIANA
FEDERAL AWARDS AUDIT

July 1, 2005 to June 30, 2006



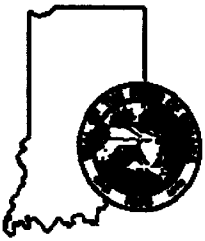
FILED
03/29/2007

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SCHEDULE OF UNIVERSITY OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|--|---------------------|----------------------|
| University President | Dr. Adam Herbert | 08-01-03 to 06-30-07 |
| University Vice-President and Chief Financial Officer | Judith Palmer | 08-01-94 to 06-30-07 |
| University Treasurer | MaryFrances McCourt | 10-01-05 to 06-30-07 |
| President of the Board of Trustees | Stephen L. Ferguson | 08-19-05 to 06-30-07 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

TO: THE OFFICIALS OF INDIANA UNIVERSITY, BLOOMINGTON, INDIANA

We have audited the financial statements of Indiana University, as of and for the years ended June 30, 2006 and 2005, and have issued our report thereon dated October 25, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Indiana University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

State Board of Accounts

October 25, 2006



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF INDIANA UNIVERSITY, BLOOMINGTON, INDIANA

Compliance

We have audited the compliance of Indiana University with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. Indiana University's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Indiana University's management. Our responsibility is to express an opinion on Indiana University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Indiana University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Indiana University's compliance with those requirements.

In our opinion Indiana University complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of Indiana University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Indiana University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We have audited the financial statements of Indiana University as of and for the years ended June 30, 2006 and 2005, and have issued our report thereon dated October 25, 2006. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the University's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

State Board of Accounts

March 23, 2007

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Research and Development Cluster | | | | | | |
|---|--------------------|---|----------------|---|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| U.S. DEPT OF AGRICULTURE | | | | | | |
| U.S. DEPT OF AGRICULTURE | Direct | | 10.025 | Plant and Animal Disease, Pest Control, and Animal Care | \$ 3,714 | \$ - |
| | | | 10.206 | Grants for Agricultural Research, Competitive Research Grants | \$ 107,166 | \$ 25,004 |
| | | | 10.219 | Biotechnology Risk Assessment Research | \$ 128,730 | \$ 99,699 |
| | Direct Total | | | | \$ 239,610 | \$ 124,703 |
| U.S. DEPT OF AGRICULTURE Total | | | | | \$ 239,610 | \$ 124,703 |
| U.S. DEPT OF AGRICULTURE FOREST SERVICE | Direct | | 10.652 | Forestry Research | \$ 27,372 | \$ 8,384 |
| | Direct Total | | | | \$ 27,372 | \$ 8,384 |
| U.S. DEPT OF AGRICULTURE FOREST SERVICE Total | | | | | \$ 27,372 | \$ 8,384 |
| U.S. DEPT OF AGRICULTURE Total | | | | | \$ 266,982 | \$ 133,087 |
| U.S. DEPT OF COMMERCE | | | | | | |
| NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY | Direct | | 11.609 | Measurement and Engineering Research and Standards | \$ 213,931 | \$ - |
| | Direct Total | | | | \$ 213,931 | \$ - |
| NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY Total | | | | | \$ 213,931 | \$ - |
| NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION | Direct | | 11.420 | Coastal Zone Management Estuarine Research Reserves | \$ 940 | \$ - |
| | Direct Total | | | | \$ 940 | \$ - |
| NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION Total | | | | | \$ 940 | \$ - |
| U.S. DEPT OF COMMERCE | Pass Through | PURDUE UNIVERSITY | 11.312 | Research and Evaluation Program | \$ 96,158 | \$ - |
| | | INDIANA DEPARTMENT OF NATURAL RESOURCES | 11.432 | Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes | \$ 10,746 | \$ - |
| | Pass Through Total | | | | \$ 106,904 | \$ - |
| U.S. DEPT OF COMMERCE Total | | | | | \$ 106,904 | \$ - |
| U.S. DEPT OF COMMERCE Total | | | | | \$ 321,775 | \$ - |
| U.S. DEPT OF DEFENSE | | | | | | |
| AIR FORCE OFFICE OF SCIENTIFIC RESEARCH | Direct | | 12.800 | Air Force Defense Research Sciences Program | \$ 384,935 | \$ - |
| | | Direct Total | | | \$ 384,935 | \$ - |
| | Pass Through | PHYSICAL SCIENCES INC | 12.800 | Air Force Defense Research Sciences Program | \$ 14,501 | \$ - |
| | | Pass Through Total | | | \$ 14,501 | \$ - |
| AIR FORCE OFFICE OF SCIENTIFIC RESEARCH Total | | | | | \$ 399,436 | \$ - |
| DEFENSE ADVANCED RESEARCH PROJECTS AGENCY | Pass Through | AUSTRIAN ACADEMY OF SCIENCES | 12.431 | Basic Scientific Research | \$ 253,189 | \$ - |
| | | Pass Through Total | | | \$ 253,189 | \$ - |
| DEFENSE ADVANCED RESEARCH PROJECTS AGENCY Total | | | | | \$ 253,189 | \$ - |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Research and Development Cluster | | | | | | |
|---|--|--|-------------------------------|---|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| NATIONAL SECURITY AGENCY | Direct | | 12.901 | Mathematical Sciences Grants Program | \$ 30,404 | \$ - |
| | Direct Total | | | | \$ 30,404 | \$ - |
| NATIONAL SECURITY AGENCY Total | | | | | \$ 30,404 | \$ - |
| NAVAL SURFACE WARFARE CENTER CRANE DIVISION | Direct | | 12.N00164-04-C-6514*P00001 | | \$ 61,884 | \$ - |
| | | | 12.N00164-05-C-6521 | | \$ 745,939 | \$ - |
| | Direct Total | | | | \$ 807,823 | \$ - |
| | Pass Through | SCIENCE APPLICATIONS INTERNATIONAL CORPORATION | 12.1251-1*M1 | | \$ 23,622 | \$ - |
| | | SCIENCE APPLICATIONS INTERNATIONAL CORPORATION | 12.4400122403 C | | \$ 31,750 | \$ - |
| Pass Through Total | | | | \$ 55,372 | \$ - | |
| NAVAL SURFACE WARFARE CENTER CRANE DIVISION Total | | | | | \$ 863,195 | \$ - |
| OFFICE OF NAVAL RESEARCH | Direct | | 12.300 | Basic and Applied Scientific Research | \$ 391,277 | \$ 26,327 |
| | Direct Total | | | | \$ 391,277 | \$ 26,327 |
| OFFICE OF NAVAL RESEARCH Total | | | | | \$ 391,277 | \$ 26,327 |
| U.S. AIR FORCE | Direct | | 12.800 | Air Force Defense Research Sciences Program | \$ 136,686 | \$ - |
| | | | 12.910 | Research and Technology Development | \$ (56,466) | \$ - |
| | Direct Total | | | | \$ 80,220 | \$ - |
| | Pass Through | MASSACHUSETTS INSTITUTE OF TECHNOLOGY | 12.800 | Air Force Defense Research Sciences Program | \$ 65,917 | \$ - |
| Pass Through Total | | | | \$ 65,917 | \$ - | |
| U.S. AIR FORCE Total | | | | | \$ 146,137 | \$ - |
| U.S. ARMY | Direct | | 12.420 | Military Medical Research and Development | \$ 2,244,794 | \$ 862,220 |
| | | | 12.DAMD 17-03-1-0216 | | \$ 671,546 | \$ 255,870 |
| | | | 12.DAMD17-03-0227 | | \$ 201,064 | \$ - |
| | | | 12.W81XWH-0410168 | | \$ 142,385 | \$ - |
| | Direct Total | | | | \$ 3,259,789 | \$ 1,118,090 |
| | Pass Through | UNIVERSITY OF CALIFORNIA, LOS ANGELES | 12.420 | Military Medical Research and Development | \$ 46,719 | \$ - |
| | | UNIVERSITY OF MINNESOTA | | Military Medical Research and Development | \$ 63,209 | \$ - |
| | | UNIVERSITY OF NOTRE DAME | 12.431 | Basic Scientific Research | \$ 20,153 | \$ - |
| Pass Through Total | | H. E. CRAMER COMPANY, INC. | 12.328-HEC0001-03-0001 | \$ 11,644 | \$ - | |
| U.S. ARMY Total | | | | | \$ 3,401,514 | \$ 1,118,090 |
| U.S. DEPT OF DEFENSE | Direct | | 12.420 | Military Medical Research and Development | \$ 422,907 | \$ - |
| | | | 12.DAMD17-03-1-0077 | | \$ 143,307 | \$ - |
| | | | 12.MDA904-03-C-1853*MP0001*02 | | \$ 176,330 | \$ - |
| | | | 12.W81XWH-04-1-0359 | | \$ 53,796 | \$ - |
| | | | 12.W81XWH-06-1-0225 | | \$ 72,719 | \$ 7,081 |
| | | | 12.W81XWH-06-1-0490 | | \$ 5,805 | \$ - |
| | | | 12.W81XWH-06-1-0504 | | \$ 11,034 | \$ - |
| | Direct Total | | | | \$ 885,898 | \$ 7,081 |
| Pass Through | ADVANCED CONCEPTS TECHNOLOGIES INTERNATIONAL LLC | 12.000 | | \$ 91,912 | \$ - | |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Research and Development Cluster | | | | | | |
|--|--------------------|--|---------------------|--|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| | | THE TECHNICAL BASIS LLC | 12.SB021-006 | | \$ 69 | \$ - |
| | | PARTTEC, LTD. | 12.W911NF-04-C-0100 | | \$ 208,047 | \$ - |
| | | BALL AEROSPACE AND TECHNOLOGIES CORP | 12.Z216400 | | \$ (12,518) | \$ - |
| | | Pass Through Total | | | \$ 287,510 | \$ - |
| U.S. DEPT OF DEFENSE Total | | | | | \$ 1,173,408 | \$ 7,081 |
| U.S. NAVY | Direct | | 12.300 | Basic and Applied Scientific Research | \$ 30 | \$ - |
| | Direct Total | | | | \$ 30 | \$ - |
| | Pass Through | INNOVATIVE TECHNICAL SOLUTIONS, INC. | 12.0512301-8001 | | \$ 42,395 | \$ - |
| | | SCIENCE APPLICATIONS INTERNATIONAL CORPORATION | 12.1047-1M^02 | | \$ 5,207 | \$ - |
| | | EG&G WASHINGTON ANALYTICAL SERVICES CENTER | 12.A150200294^M03 | | \$ (4,734) | \$ - |
| | Pass Through Total | | | | \$ 42,868 | \$ - |
| U.S. NAVY Total | | | | | \$ 42,898 | \$ - |
| U.S. DEPT OF DEFENSE Total | | | | | \$ 6,732,938 | \$ 1,151,497 |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | Pass Through | CLARIAN HEALTH PARTNERS, INC. | 14.B-01-SP-IN-0200 | | \$ (5,988) | \$ - |
| | Pass Through Total | | | | \$ (5,988) | \$ - |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Total | | | | | \$ (5,988) | \$ - |
| U.S. DEPARTMENT OF THE INTERIOR | Direct | | 15.910 | National Natural Landmarks Program | \$ 7,002 | \$ - |
| | | | | Outdoor Recreation Acquisition, Development and Planning | \$ 8,215 | \$ - |
| | Direct Total | | 15,916 | | \$ 15,217 | \$ - |
| | Pass Through | FLORIDA INTERNATIONAL UNIVERSITY | 15.614 | Coastal Wetlands Planning, Protection and Restoration Act | \$ 3,379 | \$ - |
| | | PURDUE UNIVERSITY | 15.923 | National Center for Preservation Technology and Training | \$ 24,270 | \$ - |
| | Pass Through Total | | | | \$ 27,649 | \$ - |
| NATIONAL PARK SERVICE Total | | | | | \$ 42,866 | \$ - |
| U.S. DEPARTMENT OF THE INTERIOR | Pass Through | INDIANA GEOGRAPHIC INFORMATION COUNCIL | 15.BODENHAMER | | \$ 21,918 | \$ - |
| | Pass Through Total | | | | \$ 21,918 | \$ - |
| U.S. DEPT OF THE INTERIOR Total | | | | | \$ 21,918 | \$ - |
| U.S. FISH AND WILDLIFE SERVICE | Direct | | 15.000 | | \$ 14,192 | \$ - |
| | Direct Total | | | | \$ 14,192 | \$ - |
| U.S. FISH AND WILDLIFE SERVICE Total | | | | | \$ 14,192 | \$ - |
| U.S. GEOLOGICAL SURVEY | Direct | | 15.807 | Earthquake Hazards Reduction Program | \$ 79,809 | \$ - |
| | | | 15.808 | U.S. Geological Survey_ Research and Data Collection | \$ 111,353 | \$ - |
| | | | 15.810 | National Cooperative Geologic Mapping Program | \$ 8,150 | \$ - |
| | Direct Total | | | | \$ 199,312 | \$ - |
| U.S. GEOLOGICAL SURVEY Total | | | | | \$ 199,312 | \$ - |
| U.S. DEPT OF THE INTERIOR Total | | | | | \$ 278,288 | \$ - |
| U.S. DEPT OF JUSTICE | Pass Through | INDIANA CRIMINAL JUSTICE INSTITUTE | 16.540 | Juvenile Justice and Delinquency Prevention Allocation to States | \$ 8,750 | \$ - |
| | Pass Through Total | | | | \$ 8,750 | \$ - |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Research and Development Cluster | | | | | | |
|--|------------------------------------|---|--------------------------------------|--|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| JUVENILE JUSTICE AND DELINQUENCY PREVENTION Total | | | | | \$ 8,750 | \$ - |
| NATIONAL INSTITUTE OF JUSTICE | Direct | | 16.303 | Law Enforcement Assistance_FBI Fingerprint Identification | \$ 59,621 | \$ - |
| | | | 16.560 | National Institute of Justice Research, Evaluation, and Development Project Grants | \$ 69,057 | \$ - |
| | Direct Total | | | | \$ 128,678 | \$ - |
| NATIONAL INSTITUTE OF JUSTICE Total | | | | | \$ 128,678 | \$ - |
| U.S. DEPT OF JUSTICE | Pass Through | INDIANA CRIMINAL JUSTICE INSTITUTE | 16.000 | | \$ 75,000 | \$ - |
| | | BOYS AND GIRLS CLUBS OF AMERICA | 16.540 | Juvenile Justice and Delinquency Prevention_Allocation to States | \$ 164,244 | \$ 47,324 |
| U.S. DEPT OF JUSTICE Pass Through Total | | | | | \$ 239,244 | \$ 47,324 |
| U.S. DEPT OF JUSTICE Total | | | | | \$ 239,244 | \$ 47,324 |
| U.S. DEPT OF LABOR | Direct | | 17.002 | Labor Force Statistics | \$ 17,536 | \$ - |
| | | Direct Total | | | \$ 17,536 | \$ - |
| U.S. DEPT OF LABOR Total | | | | | \$ 17,536 | \$ - |
| U.S. DEPT OF STATE | Direct | | 19.401 | Educational Exchange_University Lecturers (Professors) and Research Scholars | \$ 82,389 | \$ - |
| | | Direct Total | | | \$ 82,389 | \$ - |
| | Pass Through | PURDUE UNIVERSITY | 19.418 | Educational Exchange, American Studies Institute | \$ 10,267 | \$ - |
| U.S. DEPT OF STATE Pass Through Total | | | | | \$ 10,267 | \$ - |
| U.S. DEPT OF STATE Total | | | | | \$ 92,656 | \$ - |
| U.S. DEPT OF TRANSPORTATION | | | | | | |
| NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION | Direct | | 20.DTNH22-02-C-07090^M0007 | | \$ 229,510 | \$ - |
| | | Direct Total | | | \$ 229,510 | \$ - |
| NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION Total | | | | | \$ 229,510 | \$ - |
| U.S. DEPT OF TRANSPORTATION | Pass Through | INDIANA DEPARTMENT OF TRANSPORTATION | 20.205 | Highway Planning and Construction | \$ 31,363 | \$ - |
| | | CALIFORNIA DEPARTMENT OF TRANSPORTATION | 20.65A0180 | | \$ 109,208 | \$ - |
| | | CUMMINS INC. | 20.706001-090 | | \$ 8,560 | \$ - |
| U.S. DEPT OF TRANSPORTATION Pass Through Total | | | | | \$ 149,131 | \$ - |
| U.S. DEPT OF TRANSPORTATION Total | | | | | \$ 149,131 | \$ - |
| U.S. DEPT OF TRANSPORTATION Total | | | | | | |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION | Direct | | 43.000 | | \$ 197,414 | \$ - |
| | | | 43.001 | Aerospace Education Services Program | \$ 716,385 | \$ - |
| | | | 43.002 | Technology Transfer | \$ 1,366,672 | \$ 861,677 |
| | | | 43.NAS9-01103 | | \$ (2) | \$ - |
| | | | 43.NAS9-01103^DO67 | | \$ 30,480 | \$ - |
| | Direct Total | | | | \$ 2,310,949 | \$ 861,677 |
| | Pass Through | CALIFORNIA INSTITUTE OF TECHNOLOGY JET PROPULSION LAB | 43.000 | | \$ 176,922 | \$ - |
| | BALL STATE UNIVERSITY | 43.001 | Aerospace Education Services Program | \$ 9,594 | \$ - | |
| | CALIFORNIA INSTITUTE OF TECHNOLOGY | | Aerospace Education Services Program | \$ 22,885 | \$ - | |
| | PURDUE UNIVERSITY | | Aerospace Education Services Program | \$ (83) | \$ - | |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Research and Development Cluster | | | | | | | |
|---|---|-------------------------|--|----------------------|--------------------------|--------------|--|
| Federal Grantor | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures | | |
| | SMITHSONIAN ASTROPHYSICAL OBSERVATORY | | Aerospace Education Services Program | \$ 1,825 | \$ - | | |
| | UNIVERSITY OF CALIFORNIA, SAN DIEGO | | Aerospace Education Services Program | \$ 29,551 | \$ - | | |
| | UNIVERSITY OF CHICAGO | | Aerospace Education Services Program | \$ (57) | \$ - | | |
| | UNIVERSITY OF VIRGINIA | | Aerospace Education Services Program | \$ 24,248 | \$ - | | |
| | MIAMI UNIVERSITY OF OHIO | 43.002 | Technology Transfer | \$ 15,754 | \$ - | | |
| | CALIFORNIA INSTITUTE OF TECHNOLOGY JET PROPULSION LAB | 43.1264113 C | Aerospace Education Services Program | \$ 33,916 | \$ - | | |
| | CALIFORNIA INSTITUTE OF TECHNOLOGY JET PROPULSION LAB | 43.1272004 C | | \$ 17,862 | \$ - | | |
| | PURDUE UNIVERSITY | 43.523-2051-01 | | \$ 2,800 | \$ - | | |
| | PURDUE UNIVERSITY | 43.523-2051-01^A2 | | \$ 5,981 | \$ - | | |
| | STAR ENTERPRISES INC | 43.ALBERTS | | \$ 5,043 | \$ - | | |
| | STAR ENTERPRISES INC | 43.CENTRIFUGE | | \$ 234,570 | \$ - | | |
| | SMITHSONIAN ASTROPHYSICAL OBSERVATORY | 43.G05-6045X^A1 | | \$ 32,251 | \$ - | | |
| | SPACE TELESCOPE SCIENCE INSTITUTE | 43.HST-GO-10009.02 | | \$ 349 | \$ - | | |
| | SPACE TELESCOPE SCIENCE INSTITUTE | 43.HST-GO-10257.04-A | | \$ 14,010 | \$ - | | |
| | SPACE TELESCOPE SCIENCE INSTITUTE | 43.HST-GO-10350-01-A^A2 | | \$ 17,680 | \$ - | | |
| Pass Through Total | | | | \$ 645,101 | \$ - | | |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION Total | | | | \$ 2,956,050 | \$ 861,677 | | |
| NATIONAL ENDOWMENT ON THE ARTS AND HUMANITIES | | | | | | | |
| INSTITUTE OF MUSEUM AND LIBRARY SERVICES | Direct | | Laura Bush 21st Century Librarian Program | \$ 389,043 | \$ - | | |
| | Direct Total | | | \$ 389,043 | \$ - | | |
| | Pass Through | INDIANA STATE LIBRARY | Grants to States | \$ 12,824 | \$ - | | |
| | Pass Through Total | | | \$ 12,824 | \$ - | | |
| INSTITUTE OF MUSEUM AND LIBRARY SERVICES Total | | | | \$ 401,867 | \$ - | | |
| NATIONAL ENDOWMENT FOR THE HUMANITIES | | | | | | | |
| INSTITUTE OF MUSEUM AND LIBRARY SERVICES | Direct | | | \$ (7,446) | \$ - | | |
| | | | Promotion of the Humanities_Division of Preservation and Access | \$ 350,953 | \$ 114,577 | | |
| | | | Promotion of the Humanities_Research | \$ 225,328 | \$ - | | |
| | Direct Total | | | \$ 568,835 | \$ 114,577 | | |
| | Pass Through | AUBURN UNIVERSITY | Promotion of the Humanities_Teaching and Learning Resources and Curriculum Development | \$ (455) | \$ - | | |
| Pass Through Total | | | \$ (455) | \$ - | | | |
| NATIONAL ENDOWMENT FOR THE HUMANITIES Total | | | | \$ 568,380 | \$ 114,577 | | |
| NATIONAL ENDOWMENT ON THE ARTS AND HUMANITIES Total | | | | | | | |
| | | | | \$ 970,247 | \$ 114,577 | | |
| NATIONAL SCIENCE FOUNDATION | | | | | | | |
| INSTITUTE OF MUSEUM AND LIBRARY SERVICES | Direct | | Engineering Grants | \$ 162,852 | \$ 27,960 | | |
| | | | Mathematical and Physical Sciences | \$ 7,124,432 | \$ 131,680 | | |
| | | | Geosciences | \$ 1,591,480 | \$ 13,686 | | |
| | | | Computer and Information Science and Engineering | \$ 5,454,515 | \$ 77,108 | | |
| | | | Biological Sciences | \$ 8,636,955 | \$ 2,964,243 | | |
| | | | Social, Behavioral, and Economic Sciences | \$ 1,546,978 | \$ 13,673 | | |
| | | | Education and Human Resources | \$ 1,067,646 | \$ 73,325 | | |
| | | | Polar Programs | \$ 63,172 | \$ - | | |
| | | Direct Total | | | \$ 25,648,030 | \$ 3,301,676 | |
| | | Pass Through | PURDUE UNIVERSITY | Engineering Grants | \$ 3,891 | \$ - | |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Research and Development Cluster | | | | | | |
|----------------------------------|---|--|--|----------------------|--------------------------|--|
| Federal Grantor | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures | |
| | UNIVERSITY OF FLORIDA | | Engineering Grants | \$ 34,522 | \$ - | |
| | VIRGINIA COMMONWEALTH UNIVERSITY | | Engineering Grants | \$ 62,724 | \$ - | |
| | COLUMBIA UNIVERSITY | 47.049 | Mathematical and Physical Sciences | \$ 62,466 | \$ - | |
| | MICHIGAN STATE UNIVERSITY | | Mathematical and Physical Sciences | \$ 4,947 | \$ - | |
| | PURDUE UNIVERSITY | | Mathematical and Physical Sciences | \$ 12,187 | \$ - | |
| | REGENTS OF THE UNIVERSITY OF CALIFORNIA | | Mathematical and Physical Sciences | \$ 34,946 | \$ - | |
| | TULANE UNIVERSITY HEALTH SCIENCES CENTER | | Mathematical and Physical Sciences | \$ 63,010 | \$ - | |
| | UNIVERSITY OF CALIFORNIA, SANTA CRUZ | | Mathematical and Physical Sciences | \$ 101,204 | \$ - | |
| | UNIVERSITY OF CHICAGO | | Mathematical and Physical Sciences | \$ 108,553 | \$ - | |
| | UNIVERSITY OF FLORIDA | | Mathematical and Physical Sciences | \$ 270,690 | \$ - | |
| | INCORPORATED RESEARCH INSTITUTE FOR SEISMOLOGY | 47.050 | Geosciences | \$ 21,479 | \$ - | |
| | PRINCETON UNIVERSITY | | Geosciences | \$ 10,376 | \$ - | |
| | UNIVERSIDAD DEL VALLE DE GUATEMALA | | Geosciences | \$ 21,658 | \$ - | |
| | UNIVERSITY OF GEORGIA | | Geosciences | \$ 74,574 | \$ - | |
| | INSTITUTE FOR HIGHER EDUCATION POLICY | 47.070 | Computer and Information Science and Engineering | \$ 1,240 | \$ - | |
| | PURDUE UNIVERSITY | | Computer and Information Science and Engineering | \$ 10,957 | \$ - | |
| | UNIVERSITY OF CHICAGO | | Computer and Information Science and Engineering | \$ 132,747 | \$ - | |
| | UNIVERSITY OF ILLINOIS AT URBANA-CHAMPAIGN | | Computer and Information Science and Engineering | \$ (2,590) | \$ - | |
| | UNIVERSITY OF NEBRASKA | | Computer and Information Science and Engineering | \$ 45,116 | \$ - | |
| | ARIZONA STATE UNIVERSITY | 47.074 | Biological Sciences | \$ 72,205 | \$ - | |
| | DARTMOUTH COLLEGE | | Biological Sciences | \$ 35,103 | \$ - | |
| | ILLINOIS STATE UNIVERSITY | | Biological Sciences | \$ (5,044) | \$ - | |
| | UNIVERSITY OF MARYLAND | | Biological Sciences | \$ 55,444 | \$ - | |
| | UNIVERSITY OF MINNESOTA | | Biological Sciences | \$ 406 | \$ - | |
| | UNIVERSITY OF NOTRE DAME | | Biological Sciences | \$ 1,296 | \$ - | |
| | UNIVERSITY OF WISCONSIN | | Biological Sciences | \$ 63,742 | \$ - | |
| | ARIZONA STATE UNIVERSITY | 47.075 | Social, Behavioral, and Economic Sciences | \$ 7,556 | \$ - | |
| | ASSOCIATION FOR INSTITUTIONAL RESEARCH | | Social, Behavioral, and Economic Sciences | \$ 32,926 | \$ - | |
| | COLORADO STATE UNIVERSITY | | Social, Behavioral, and Economic Sciences | \$ 26,596 | \$ - | |
| | COLUMBIA UNIVERSITY | | Social, Behavioral, and Economic Sciences | \$ 16,214 | \$ - | |
| | NORTHWESTERN UNIVERSITY | | Social, Behavioral, and Economic Sciences | \$ 50,450 | \$ - | |
| | U.S. CIVILIAN RESEARCH AND DEVELOPMENT FOUNDATION | | Social, Behavioral, and Economic Sciences | \$ 9,225 | \$ - | |
| | MATHEMATICAL ASSOCIATION OF AMERICA | 47.076 | Education and Human Resources | \$ 22,668 | \$ - | |
| | NATIONAL COUNCIL OF TEACHERS OF MATHEMATICS | | Education and Human Resources | \$ 265,671 | \$ - | |
| | SRI INTERNATIONAL | | Education and Human Resources | \$ 34,169 | \$ - | |
| | THE COLLEGE BOARD | | Education and Human Resources | \$ 76,931 | \$ - | |
| | UNIVERSITY OF OREGON | | Education and Human Resources | \$ 205,137 | \$ - | |
| | AMERICAN SOCIOLOGICAL ASSOCIATION | 47.Kennedy | | \$ 8,642 | \$ - | |
| | ION OPTICS INC | 47.SCHAICH | Engineering Grants | \$ 45,581 | \$ - | |
| | Pass Through Total | | | \$ 2,099,615 | \$ - | |
| NATIONAL SCIENCE FOUNDATION | Total | | | \$ 27,747,645 | \$ 3,301,676 | |
| U.S. DEPT OF VETERANS AFFAIRS | Pass Through | INDIANA INSTITUTE FOR MEDICAL RESEARCH | 64.000 | | | |
| | Pass Through Total | | | \$ (3,451) | \$ - | |
| | | | | \$ (3,451) | \$ - | |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Research and Development Cluster | | | | | | | |
|--|--------------------|--|-----------------------------|---|--|--------------------------|------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures | |
| U.S. DEPT OF VETERANS AFFAIRS Total | | | | | \$ (3,451) | \$ - | |
| U.S. ENVIRONMENTAL PROTECTION AGENCY | Direct | | 66.000 | | \$ 2,074 | \$ - | |
| | | | 66.469 | Great Lakes Program | \$ 680,878 | \$ 10,218 | |
| | | | 66.509 | Science To Achieve Results (STAR) Research Program | \$ 182,812 | \$ 106,743 | |
| | | | 66.606 | Surveys, Studies, Investigations and Special Purpose Grants | \$ (1,628) | \$ - | |
| | Direct Total | | | | \$ 864,136 | \$ 116,961 | |
| | Pass Through | INDIANA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT | 66.439 | Targeted Watersheds Grants | \$ 17,053 | \$ - | |
| Pass Through Total | | | | | \$ 17,053 | \$ - | |
| U.S. ENVIRONMENTAL PROTECTION AGENCY Total | | | | | \$ 881,189 | \$ 116,961 | |
| U.S. DEPT OF ENERGY | Direct | | 81.049 | Office of Science Financial Assistance Program | \$ 5,244,869 | \$ 220,019 | |
| | Direct Total | | | | \$ 5,244,869 | \$ 220,019 | |
| | Pass Through | ARGONNE NATIONAL LABORATORY | 81.000 | | | \$ 111,498 | \$ - |
| | | BROOKHAVEN NATIONAL LABORATORY | | | | \$ 88,112 | \$ - |
| | | FERMI NATIONAL ACCELERATOR LABORATORY | | | | \$ 87,454 | \$ - |
| | | LAWRENCE BERKELEY NATIONAL LABORATORY | | | | \$ 45,620 | \$ - |
| | | LOS ALAMOS NATIONAL LABORATORY | | | | \$ 15,000 | \$ - |
| | | OAK RIDGE NATIONAL LABORATORY | | | | \$ 9,777 | \$ - |
| | | PARTTEC, LTD. | | | | \$ 28,665 | \$ - |
| | | BROOKHAVEN NATIONAL LABORATORY | 81.049 | | Office of Science Financial Assistance Program | \$ 78,073 | \$ - |
| | | FERMI NATIONAL ACCELERATOR LABORATORY | | | Office of Science Financial Assistance Program | \$ 1,047 | \$ - |
| | | OHIO STATE UNIVERSITY RESEARCH FOUNDATION | | | Office of Science Financial Assistance Program | \$ 36,615 | \$ - |
| | | PENNSYLVANIA STATE UNIVERSITY | | | Office of Science Financial Assistance Program | \$ 277,302 | \$ - |
| | | REGENTS OF THE UNIVERSITY OF CALIFORNIA | | | Office of Science Financial Assistance Program | \$ 1,229,917 | \$ 772,901 |
| | | UNIVERSITY OF MASSACHUSETTS | | | Office of Science Financial Assistance Program | \$ 145,321 | \$ - |
| | | UNIVERSITY OF TEXAS AT AUSTIN | | | Office of Science Financial Assistance Program | \$ 122,542 | \$ - |
| | | UNIVERSITY OF KANSAS | 81.104 | | Office of Environmental Cleanup and Acceleration | \$ (6,199) | \$ - |
| | | BROOKHAVEN NATIONAL LABORATORY | 81.12531^A14 | | | \$ 44,394 | \$ - |
| | | LOS ALAMOS NATIONAL LABORATORY | 81.15043-001-05 | | | \$ 107,509 | \$ - |
| | | LOS ALAMOS NATIONAL LABORATORY | 81.23246-001-05 | | | \$ 47,368 | \$ - |
| | | UT-BATTELLE LLC | 81.4000020421 C | | | \$ 31,520 | \$ - |
| | | OAK RIDGE NATIONAL LABORATORY | 81.400004763 C | | | \$ 25,600 | \$ - |
| | | BATTELLE PACIFIC NORTHWEST LABORATORIES | 81.410597-A3E,P3608,m^18&19 | | | \$ 79,094 | \$ - |
| | | SANDIA NATIONAL LABORATORY | 81.461763 C | | | \$ 6,383 | \$ - |
| | | FERMI NATIONAL ACCELERATOR LABORATORY | 81.550508^R2 | | | \$ 7,184 | \$ - |
| | | FERMI NATIONAL ACCELERATOR LABORATORY | 81.568801 C | | | \$ 4,319 | \$ - |
| | | LOS ALAMOS NATIONAL LABORATORY | 81.65056-001-03^M3 | | | \$ 8,757 | \$ - |
| | | LAWRENCE BERKELEY NATIONAL LABORATORY | 81.6706131^M4 | | | \$ 11,687 | \$ - |
| | | BROOKHAVEN NATIONAL LABORATORY | 81.77263^A3 | | | \$ 88,489 | \$ - |
| | | LOS ALAMOS NATIONAL LABORATORY | 81.88433-002-04^M1 | | | \$ 17,199 | \$ - |
| | | UNIVERSITY OF PITTSBURGH | 81.P5545023 | | | \$ 21,280 | \$ - |
| | | THOMAS JEFFERSON NATIONAL ACCELERATOR FACILITY | 81.SURA-04-C0904^M07 | | | \$ 90,648 | \$ - |
| | Pass Through Total | | | | | \$ 2,862,175 | \$ 772,901 |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Research and Development Cluster | | | | | | | |
|---|---|---|----------------------------------|---|---|--------------------------|-----------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures | |
| 81 U.S. DEPT OF ENERGY Total | | | | | \$ 8,107,044 | \$ 992,920 | |
| U.S. DEPT OF EDUCATION | Direct | | 84.019 | Overseas Faculty Research Abroad | \$ 138,592 | \$ - | |
| | | | 84.133 | National Institute on Disability and Rehabilitation Research | \$ 221,681 | \$ 58,277 | |
| | | | 84.200 | Graduate Assistance in Areas of National Need | \$ 326,817 | \$ - | |
| | | | 84.305 | Education Research, Development and Dissemination | \$ 170,724 | \$ - | |
| | | | 84.324 | Research in Special Education | \$ 15,695 | \$ 692 | |
| | | | 84.337 | International Education_Technological Innovation and Cooperation for Foreign Information Access | \$ 72,623 | \$ - | |
| | | Direct Total | | | | \$ 946,132 | \$ 58,969 |
| | | Pass Through | INDIANA DEPARTMENT OF EDUCATION | 84.027 | Special Education_Grants to States | \$ 659,521 | \$ - |
| | | | VIRGINIA COMMONWEALTH UNIVERSITY | 84.133 | National Institute on Disability and Rehabilitation Research | \$ 23,500 | \$ - |
| | | | ARIZONA STATE UNIVERSITY | 84.215 | Fund for the Improvement of Education | \$ 8,968 | \$ - |
| | INDIANA DEPARTMENT OF WORKFORCE DEVELOPMENT | | 84.243 | Tech-Prep Education | \$ 31,352 | \$ - | |
| | INDIANA DEPARTMENT OF EDUCATION | | 84.282 | Charter Schools | \$ 13,601 | \$ - | |
| | HEZEL ASSOCIATES | | 84.286 | Ready to Teach | \$ 48,240 | \$ - | |
| | PUBLIC BROADCASTING SERVICE | | | Ready to Teach | \$ 198,084 | \$ - | |
| | UNIVERSITY OF CONNECTICUT | | 84.324 | Research in Special Education | \$ 34,565 | \$ - | |
| | | | | | | | |
| | | | MICHIGAN STATE UNIVERSITY | 84.337 | International Education_Technological Innovation and Cooperation for Foreign Information Access | \$ 3,312 | \$ - |
| | | INDIANA COMMISSION FOR HIGHER EDUCATION | 84.367 | Improving Teacher Quality State Grants | \$ 55,404 | \$ - | |
| | | POLICY RESEARCH ASSOCIATES INC | 84.609-4550-01 | | \$ 4,845 | \$ - | |
| | Pass Through Total | | | | \$ 1,081,392 | \$ - | |
| U.S. DEPT OF EDUCATION Total | | | | | \$ 2,027,524 | \$ 58,969 | |
| NATIONAL HISTORIC PUBLICATIONS AND RECORDS COMMISSION | Direct | | 89.003 | National Historical Publications and Records Grants | \$ (6,702) | \$ - | |
| | | Direct Total | | | | \$ (6,702) | \$ - |
| NATIONAL HISTORIC PUBLICATIONS AND RECORDS COMMISSION Total | | | | | \$ (6,702) | \$ - | |
| U.S. DEPT OF HEALTH AND HUMAN SERVICES | | | | | | | |
| AGENCY FOR HEALTHCARE RESEARCH AND QUALITY | Direct | | 93.226 | Research on Healthcare Costs, Quality and Outcomes | \$ 849,375 | \$ 415,434 | |
| | | | 93.290-02-0008 | | \$ 329,206 | \$ 148,455 | |
| | | | 93.290-02-0008 ^M 20 | | \$ 329,744 | \$ 154,127 | |
| | | | 93.290-02-0008 ^M22 | | \$ 122,615 | \$ 20,441 | |
| | | | 93.290-02-0008, MOD 25 | | \$ 162,461 | \$ - | |
| | | | 93.290-04-0015 | | \$ 429,071 | \$ 139,486 | |
| | Direct Total | | | | \$ 2,222,472 | \$ 877,943 | |
| | Pass Through | NATIONAL OPINION RESEARCH CENTER | 93.226 | Research on Healthcare Costs, Quality and Outcomes | \$ 288,202 | \$ 133,927 | |
| | Pass Through Total | | | | \$ 288,202 | \$ 133,927 | |
| AGENCY FOR HEALTHCARE RESEARCH AND QUALITY Total | | | | | \$ 2,510,674 | \$ 1,011,870 | |
| CENTERS FOR DISEASE CONTROL & PREVENTION | Direct | | 93.283 | Centers for Disease Control and Prevention_Investigations and Technical Assistance | \$ 633,304 | \$ 168,907 | |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Research and Development Cluster | | | | | | |
|--|--------------------|---|-----------------|---|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| | Direct Total | | | | \$ 633,304 | \$ 168,907 |
| | Pass Through | ASSOCIATION OF UNIVERSITY CENTERS ON DISABILITIES | 93.000 | | \$ 141,678 | \$ 61,076 |
| | | ASSOCIATION OF AMERICAN MEDICAL COLLEGES | 93.283 | Centers for Disease Control and Prevention_ Investigations and Technical Assistance | \$ 172,134 | \$ 24,903 |
| | | REGENSTRIEF INSTITUTE, INC. | | Centers for Disease Control and Prevention_ Investigations and Technical Assistance | \$ 39,095 | \$ - |
| | | MARION COUNTY HEALTH DEPARTMENT | 93.977 | Preventive Health Services_Sexually Transmitted Diseases Control Grants | \$ 31,184 | \$ - |
| | | INDIANA STATE DEPARTMENT OF HEALTH | 93.991 | Preventive Health and Health Services Block Grant | \$ 13,674 | \$ - |
| | Pass Through Total | | | | \$ 397,765 | \$ 85,978 |
| CENTERS FOR DISEASE CONTROL & PREVENTION Total | | | | | \$ 1,031,069 | \$ 254,886 |
| FOGARTY INTERNATIONAL CENTER | Direct | | 93.989 | International Research and Research Training | \$ 1,628,407 | \$ 36,626 |
| | Direct Total | | | | \$ 1,628,407 | \$ 36,626 |
| FOGARTY INTERNATIONAL CENTER Total | | | | | \$ 1,628,407 | \$ 36,626 |
| HEALTH RESOURCES AND SERVICES ADMINISTRATION | Direct | | 93.887 | Health Care and Other Facilities | \$ 94,506 | \$ - |
| | Direct Total | | | | \$ 94,506 | \$ - |
| HEALTH RESOURCES AND SERVICES ADMINISTRATION Total | | | | | \$ 94,506 | \$ - |
| NATIONAL CANCER INSTITUTE | Direct | | 93.393 | Cancer Cause and Prevention Research | \$ 1,753,097 | \$ 320,526 |
| | | | 93.394 | Cancer Detection and Diagnosis Research | \$ 1,203,690 | \$ 891,654 |
| | | | 93.395 | Cancer Treatment Research | \$ 3,293,206 | \$ 244,239 |
| | | | 93.396 | Cancer Biology Research | \$ 1,878,223 | \$ 34,208 |
| | | | 93.397 | Cancer Centers Support Grants | \$ 1,198,762 | \$ 28,068 |
| | | | 93.398 | Cancer Research Manpower | \$ 438,176 | \$ 35,523 |
| | | | 93.399 | Cancer Control | \$ 27,369 | \$ - |
| | | | 93.N02-RC-27044 | | \$ 159,356 | \$ - |
| | Direct Total | | | | \$ 9,951,879 | \$ 1,554,218 |
| | Pass Through | ACADEMY FOR EDUCATIONAL DEVELOPMENT | 93.000 | | \$ 37,106 | \$ - |
| | | OPTOSONICS | | | \$ 116 | \$ - |
| | | VANDERBILT UNIVERSITY | 93.393 | Cancer Cause and Prevention Research | \$ 29,409 | \$ 1,932 |
| | | CASE WESTERN RESERVE UNIVERSITY | 93.395 | Cancer Treatment Research | \$ 10,889 | \$ - |
| | | GOG CORPORATION | | Cancer Treatment Research | \$ 96,841 | \$ - |
| | | MICHIGAN STATE UNIVERSITY | | Cancer Treatment Research | \$ 18,884 | \$ - |
| | | NATIONAL CHILDHOOD CANCER FOUNDATION | | Cancer Treatment Research | \$ 74,127 | \$ - |
| | | OPTOSONICS | 93.4R44CA102891 | | \$ 7,610 | \$ - |
| | Pass Through Total | | | | \$ 274,982 | \$ 1,932 |
| NATIONAL CANCER INSTITUTE Total | | | | | \$ 10,226,861 | \$ 1,556,149 |
| NATIONAL CENTER FOR COMPLEMENTARY & ALTERNATIVE MEDICINE | Direct | | 93.213 | Research and Training in Complementary and Alternative Medicine | \$ 305,263 | \$ - |
| | Direct Total | | | | \$ 305,263 | \$ - |
| NATIONAL CENTER FOR COMPLEMENTARY & ALTERNATIVE MEDICINE Total | | | | | \$ 305,263 | \$ - |
| NATIONAL CENTER FOR RESEARCH RESOURCES | Direct | | 93.389 | National Center for Research Resources | \$ 7,378,674 | \$ 258,165 |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Research and Development Cluster | | | | | | |
|--|--------------------|---|----------------------|--|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| | | | 93.837 | Heart and Vascular Diseases Research | \$ 529,500 | \$ 529,500 |
| | | | | Heart and Vascular Diseases Research | \$ 1,368,224 | \$ 1,470 |
| | Direct Total | | | | \$ 9,276,398 | \$ 789,135 |
| NATIONAL CENTER FOR RESEARCH RESOURCES Total | | | | | \$ 9,276,398 | \$ 789,135 |
| NATIONAL EYE INSTITUTE | Direct | | 93.867 | Vision Research | \$ 2,423,540 | \$ 30,191 |
| | Direct Total | | | | \$ 2,423,540 | \$ 30,191 |
| | Pass Through | JAEB CENTER FOR HEALTH RESEARCH INC | 93.867 | Vision Research | \$ 4,858 | \$ - |
| | | JOHNS HOPKINS UNIVERSITY | | Vision Research | \$ 158,950 | \$ 3,221 |
| | | UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER HOUSTON | | Vision Research | \$ 3,144 | \$ - |
| | | JAEB CENTER FOR HEALTH RESEARCH INC | 93.EY011751 | | \$ 4,080 | \$ - |
| | Pass Through Total | | | | \$ 171,032 | \$ 3,221 |
| NATIONAL EYE INSTITUTE Total | | | | | \$ 2,594,572 | \$ 33,412 |
| NATIONAL HEART, LUNG AND BLOOD INSTITUTE | Direct | | 93.837 | Heart and Vascular Diseases Research | \$ 7,669,344 | \$ 568,898 |
| | | | 93.838 | Lung Diseases Research | \$ 3,734,614 | \$ 120,508 |
| | | | 93.839 | Blood Diseases and Resources Research | \$ 7,042,175 | \$ 350,185 |
| | Direct Total | | | | \$ 18,446,133 | \$ 1,039,592 |
| | Pass Through | VANDERBILT UNIVERSITY | 93.838 | Lung Diseases Research | \$ 8,728 | \$ - |
| | | UNIVERSITY OF NOTRE DAME | 93.839 | Blood Diseases and Resources Research | \$ 430,512 | \$ - |
| MOUNT SINAI SCHOOL OF MEDICINE | | 93.R01 HL 071988-01A1 | | \$ 5,950 | \$ - | |
| Pass Through Total | | | | \$ 445,190 | \$ - | |
| NATIONAL HEART, LUNG AND BLOOD INSTITUTE Total | | | | | \$ 18,891,323 | \$ 1,039,592 |
| NATIONAL HUMAN GENOME RESEARCH INSTITUTE | Direct | | 93.172 | Human Genome Research | \$ 270,683 | \$ - |
| | Direct Total | | | | \$ 270,683 | \$ - |
| | Pass Through | YALE UNIVERSITY | 93.172 | Human Genome Research | \$ 59,705 | \$ - |
| | Pass Through Total | | | | \$ 59,705 | \$ - |
| NATIONAL HUMAN GENOME RESEARCH INSTITUTE Total | | | | | \$ 330,388 | \$ - |
| NATIONAL INSTITUTE ALLERGY & INFECTIOUS DISEASES | Direct | | 93.855 | Allergy, Immunology and Transplantation Research | \$ 5,506,194 | \$ 48,569 |
| | | | 93.856 | Microbiology and Infectious Diseases Research | \$ 3,588,268 | \$ 656,279 |
| | Direct Total | | | | \$ 9,094,462 | \$ 704,848 |
| | Pass Through | UNIVERSITY OF MINNESOTA | 93.856 | Microbiology and Infectious Diseases Research | \$ (2,712) | \$ - |
| | | SOCIAL & SCIENTIFIC SYSTEMS, INC. | 93.GOLDMAN | Microbiology and Infectious Diseases Research | \$ 21,115 | \$ - |
| | | UNIVERSITY OF MARYLAND | 93.HHSN266200500043C | | \$ 292,047 | \$ - |
| Pass Through Total | | | | \$ 310,450 | \$ - | |
| NATIONAL INSTITUTE ALLERGY & INFECTIOUS DISEASES Total | | | | | \$ 9,404,912 | \$ 704,848 |
| NATIONAL INSTITUTE BIOMEDICAL IMAGING & BIOENGINEERING | Direct | | 93.286 | Discovery and Applied Research for Technological Innovations to Improve Human Health | \$ 679,829 | \$ - |
| | Direct Total | | | | \$ 679,829 | \$ - |
| NATIONAL INSTITUTE BIOMEDICAL IMAGING & BIOENGINEERING Total | | | | | \$ 679,829 | \$ - |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Research and Development Cluster | | | | | | |
|--|--------------------|------------------------------|------------------|--|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| NATIONAL INSTITUTE OF ARTHRITIS & MUSCULOSKELETAL & SKIN | Direct | | 93.846 | Arthritis, Musculoskeletal and Skin Diseases Research | \$ 3,196,415 | \$ 222,879 |
| | Direct Total | | | | \$ 3,196,415 | \$ 222,879 |
| | Pass Through | DUKE UNIVERSITY | 93.N01-AR-2-2265 | | \$ 2,907 | \$ - |
| | Pass Through Total | | | | \$ 2,907 | \$ - |
| NATIONAL INSTITUTE OF ARTHRITIS & MUSCULOSKELETAL & SKIN Total | | | | | \$ 3,199,322 | \$ 222,879 |
| NATIONAL INSTITUTE OF CHILD HEALTH, HUMAN DEVELOPMENT | Direct | | 93.865 | Child Health and Human Development Extramural Research | \$ 4,415,116 | \$ 935,540 |
| | Direct Total | | | | \$ 4,415,116 | \$ 935,540 |
| NATIONAL INSTITUTE OF CHILD HEALTH, HUMAN DEVELOPMENT Total | | | | | \$ 4,415,116 | \$ 935,540 |
| NATIONAL INSTITUTE OF CHILD HEALTH, HUMAN DEVELOPMENT | Pass Through | UNIVERSITY OF UTAH | 93.865 | Child Health and Human Development Extramural Research | \$ 12,606 | \$ 3,349 |
| | Pass Through Total | | | | \$ 12,606 | \$ 3,349 |
| NATIONAL INSTITUTE OF CHILD HEALTH, HUMAN DEVELOPMENT Total | | | | | \$ 12,606 | \$ 3,349 |
| NATIONAL INSTITUTE OF DENTAL AND CRANIOFACIAL RESEARCH | Direct | | 93.121 | Oral Diseases and Disorders Research | \$ 1,463,387 | \$ - |
| | Direct Total | | | | \$ 1,463,387 | \$ - |
| | Pass Through | UNIVERSITY OF NORTH CAROLINA | 93.121 | Oral Diseases and Disorders Research | \$ 39,163 | \$ - |
| | Pass Through Total | | | | \$ 39,163 | \$ - |
| NATIONAL INSTITUTE OF DENTAL AND CRANIOFACIAL RESEARCH Total | | | | | \$ 1,502,550 | \$ - |
| NATIONAL INSTITUTE OF DIABETES DIGESTIVE & KIDNEY DISEASES | Direct | | 93.847 | Diabetes, Endocrinology and Metabolism Research | \$ 4,565,613 | \$ 153,042 |
| | | | 93.848 | Digestive Diseases and Nutrition Research | \$ 2,830,272 | \$ 88,764 |
| | | | 93.849 | Kidney Diseases, Urology and Hematology Research | \$ 7,650,133 | \$ 821,521 |
| | Direct Total | | | | \$ 15,046,018 | \$ 1,063,328 |
| | Pass Through | UNIVERSITY OF CHICAGO | 93.849 | Kidney Diseases, Urology and Hematology Research | \$ (20,763) | \$ - |
| | | UNIVERSITY OF NEW MEXICO | | Kidney Diseases, Urology and Hematology Research | \$ 276 | \$ - |
| Pass Through Total | | | | \$ (20,487) | \$ - | |
| NATIONAL INSTITUTE OF DIABETES DIGESTIVE & KIDNEY DISEASES Total | | | | | \$ 15,025,531 | \$ 1,063,328 |
| NATIONAL INSTITUTE OF ENVIRONMENTAL HEALTH SCIENCES | Direct | | 93.113 | Biological Response to Environmental Health Hazards | \$ (279) | \$ - |
| | | | 93.114 | Applied Toxicological Research and Testing | \$ 181,359 | \$ - |
| | Direct Total | | | | \$ 181,080 | \$ - |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Research and Development Cluster | | | | | | |
|---|--------------------|--|------------------|--|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| NATIONAL INSTITUTE OF ENVIRONMENTAL HEALTH SCIENCES Total | | | | | \$ 181,080 | \$ - |
| NATIONAL INSTITUTE OF GENERAL MEDICAL SCIENCES | Direct | | 93.859 | Biomedical Research and Research Training | \$ 11,872,680 | \$ 630,551 |
| | Direct Total | | | | \$ 11,872,680 | \$ 630,551 |
| | Pass Through | RICE UNIVERSITY | 93.859 | Biomedical Research and Research Training | \$ 61,877 | \$ - |
| | Pass Through Total | | | | \$ 61,877 | \$ - |
| NATIONAL INSTITUTE OF GENERAL MEDICAL SCIENCES Total | | | | | \$ 11,934,557 | \$ 630,551 |
| NATIONAL INSTITUTE OF MENTAL HEALTH | Direct | | 93.242 | Mental Health Research Grants | \$ 6,098,941 | \$ 544,458 |
| | | | 93.281 | Mental Health Research Career/Scientist Development Awards | \$ 565,476 | \$ 20,068 |
| | | | 93.282 | Mental Health National Research Service Awards for Research Training | \$ 337,298 | \$ - |
| | Direct Total | | | | \$ 7,001,715 | \$ 564,526 |
| | Pass Through | UNIVERSITY OF CALIFORNIA, SAN DIEGO | 93.5 R01 MH71912 | | \$ 184,186 | \$ - |
| Pass Through Total | | | | \$ 184,186 | \$ - | |
| NATIONAL INSTITUTE OF MENTAL HEALTH Total | | | | | \$ 7,185,901 | \$ 564,526 |
| NATIONAL INSTITUTE OF NEUROLOGICAL DISORDERS & STROKE | Direct | | 93.853 | Extramural Research Programs in the Neurosciences and Neurological Disorders | \$ 5,879,071 | \$ 807,345 |
| | | | 93.N01-NS-3-2357 | | \$ 269,966 | \$ - |
| | Direct Total | | | | \$ 6,149,037 | \$ 807,345 |
| | Pass Through | TUFTS-NEW ENGLAND MEDICAL CENTER | 93.853 | Extramural Research Programs in the Neurosciences and Neurological Disorders | \$ 55,915 | \$ - |
| | | UNIVERSITY OF ARIZONA | | Extramural Research Programs in the Neurosciences and Neurological Disorders | \$ 20,555 | \$ - |
| | | UNIVERSITY OF CINCINNATI | | Extramural Research Programs in the Neurosciences and Neurological Disorders | \$ 14,295 | \$ - |
| | | UNIVERSITY OF IOWA | | Extramural Research Programs in the Neurosciences and Neurological Disorders | \$ 521,957 | \$ - |
| | | UNIVERSITY OF UTAH | | Extramural Research Programs in the Neurosciences and Neurological Disorders | \$ 204,520 | \$ - |
| Pass Through Total | | | | \$ 817,242 | \$ - | |
| NATIONAL INSTITUTE OF NEUROLOGICAL DISORDERS & STROKE Total | | | | | \$ 6,966,279 | \$ 807,345 |
| NATIONAL INSTITUTE OF NURSING RESEARCH | Direct | | 93.361 | Nursing Research | \$ 1,484,501 | \$ 293,246 |
| | Direct Total | | | | \$ 1,484,501 | \$ 293,246 |
| | Pass Through | UNIVERSITY OF KENTUCKY | 93.361 | Nursing Research | \$ 391 | \$ - |
| | | UNIVERSITY OF KENTUCKY RESEARCH FOUNDATION | | Nursing Research | \$ 12,930 | \$ - |
| Pass Through Total | | | | \$ 13,321 | \$ - | |
| NATIONAL INSTITUTE OF NURSING RESEARCH Total | | | | | \$ 1,497,822 | \$ 293,246 |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Research and Development Cluster | | | | | | |
|--|--------------------|---|-------------------|--|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| NATIONAL INSTITUTE ON AGING | Direct | | 93.866 | Aging Research | \$ 8,311,447 | \$ 866,058 |
| | Direct Total | | | | \$ 8,311,447 | \$ 866,058 |
| | Pass Through | COLUMBIA UNIVERSITY | 93.866 | Aging Research | \$ 138,271 | \$ - |
| | | UNIVERSITY OF WASHINGTON | | Aging Research | \$ 19,118 | \$ - |
| | Pass Through Total | | | | \$ 157,389 | \$ - |
| NATIONAL INSTITUTE ON AGING Total | | | | | \$ 8,468,836 | \$ 866,058 |
| NATIONAL INSTITUTE ON ALCOHOL ABUSE & ALCOHOLISM | Direct | | 93.271 | Alcohol Research Career Development Awards for Scientists and Clinicians | \$ 50,303 | \$ - |
| | | | 93.272 | Alcohol National Research Service Awards for Research Training | \$ 15,654 | \$ - |
| | | | 93.273 | Alcohol Research Programs | \$ 9,075,309 | \$ 491,557 |
| | | | 93.N01 AA23012 ^6 | Alcohol Research Programs | \$ 1,123,615 | \$ 783,579 |
| | Direct Total | | | | \$ 10,264,881 | \$ 1,275,135 |
| | Pass Through | MAYO CLINIC COLLEGE OF MEDICINE | 93.273 | Alcohol Research Programs | \$ 24,847 | \$ - |
| | | RESEARCH FOUNDATION STATE UNIVERSITY NEW YORK | | Alcohol Research Programs | \$ 887,235 | \$ - |
| | | SRI INTERNATIONAL | | Alcohol Research Programs | \$ 233,866 | \$ - |
| Pass Through Total | | | | \$ 1,145,948 | \$ - | |
| NATIONAL INSTITUTE ON ALCOHOL ABUSE & ALCOHOLISM Total | | | | | \$ 11,410,829 | \$ 1,275,135 |
| NATIONAL INSTITUTE ON DEAFNESS AND OTHER COMMUNICATION DISORDERS | Direct | | 93.173 | Research Related to Deafness and Communication Disorders | \$ 3,342,615 | \$ 391,836 |
| | | | 93.361 | Nursing Research | \$ 88,480 | \$ - |
| | Direct Total | | | | \$ 3,431,095 | \$ 391,836 |
| NATIONAL INSTITUTE ON DEAFNESS AND OTHER COMMUNICATION DISORDERS Total | | | | | \$ 3,431,095 | \$ 391,836 |
| NATIONAL INSTITUTE ON DRUG ABUSE | Direct | | 93.279 | Drug Abuse and Addiction Research Programs | \$ 2,356,019 | \$ 61,810 |
| | Direct Total | | | | \$ 2,356,019 | \$ 61,810 |
| | Pass Through | MICHIGAN STATE UNIVERSITY | 93.279 | Drug Abuse and Addiction Research Programs | \$ 63,724 | \$ - |
| | | UNIVERSITY OF KENTUCKY RESEARCH FOUNDATION | | Drug Abuse and Addiction Research Programs | \$ 38,517 | \$ - |
| | Pass Through Total | | | | \$ 102,241 | \$ - |
| NATIONAL INSTITUTE ON DRUG ABUSE Total | | | | | \$ 2,458,260 | \$ 61,810 |
| NATIONAL INSTITUTES OF HEALTH | Pass Through | AMERICAN LUNG ASSOCIATION | 93.000 | | \$ 35,276 | \$ - |
| | | OCOMETRICS INC | | | \$ 19,355 | \$ - |
| | | SMITHSONIAN INSTITUTION | | | \$ 10,289 | \$ - |
| | | UNIVERSITY OF CALIFORNIA, SAN DIEGO | | | \$ 4,457 | \$ - |
| | | UNIVERSITY OF SOUTH ALABAMA | 93.113 | Biological Response to Environmental Health Hazards | \$ 40,991 | \$ 3,931 |
| | | UNIVERSITY OF IOWA | 93.121 | Oral Diseases and Disorders Research | \$ 370,896 | \$ - |
| | | HARVARD UNIVERSITY | 93.172 | Human Genome Research | \$ 644,702 | \$ - |
| | | UNIVERSITY OF ROCHESTER | | Human Genome Research | \$ 73,419 | \$ - |
| | | UNIVERSITY OF CALIFORNIA, SANTA BARBARA | 93.242 | Mental Health Research Grants | \$ 176,828 | \$ - |
| | | UNIVERSITY OF PITTSBURGH | | Mental Health Research Grants | \$ 19,087 | \$ - |
| | | UNIVERSITY OF ROCHESTER | | Mental Health Research Grants | \$ 6,001 | \$ - |
| | | UNIVERSITY OF MICHIGAN | 93.272 | Alcohol National Research Service Awards for Research Training | \$ 13,641 | \$ - |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Research and Development Cluster | | | | | | |
|----------------------------------|---|----------------|---|----------------------|--------------------------|--|
| Federal Grantor | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures | |
| | STATE UNIVERSITY OF NEW YORK | 93.273 | Alcohol Research Programs | \$ 193,941 | \$ - | |
| | UNIVERSITY OF ILLINOIS | | Alcohol Research Programs | \$ 88,340 | \$ - | |
| | UNIVERSITY OF TEXAS | | Alcohol Research Programs | \$ 157,744 | \$ - | |
| | UNIVERSITY OF WASHINGTON | | Alcohol Research Programs | \$ 10,055 | \$ - | |
| | DUKE UNIVERSITY | 93.279 | Drug Abuse and Addiction Research Programs | \$ 40,888 | \$ - | |
| | UNIVERSITY OF KENTUCKY RESEARCH FOUNDATION | | Drug Abuse and Addiction Research Programs | \$ 181,188 | \$ - | |
| | UNIVERSITY OF UTAH | | Drug Abuse and Addiction Research Programs | \$ 144,915 | \$ - | |
| | CLARIAN HEALTH PARTNERS, INC. | 93.283 | Centers for Disease Control and Prevention_ Investigations and Technical Assistance | \$ 185,401 | \$ - | |
| | ADVANCED PROCESS COMBINATORICS | 93.394 | Cancer Detection and Diagnosis Research | \$ 166,524 | \$ - | |
| | MAYO CLINIC, ROCHESTER | | Cancer Detection and Diagnosis Research | \$ (187) | \$ - | |
| | PURDUE UNIVERSITY | | Cancer Detection and Diagnosis Research | \$ 10,813 | \$ - | |
| | MICHIGAN STATE UNIVERSITY | 93.395 | Cancer Treatment Research | \$ 17,313 | \$ - | |
| | NATIONAL CHILDHOOD CANCER FOUNDATION | | Cancer Treatment Research | \$ 45,770 | \$ - | |
| | OHIO STATE UNIVERSITY RESEARCH FOUNDATION | 93.397 | Cancer Centers Support Grants | \$ 413,424 | \$ 4,173 | |
| | MEDICAL UNIVERSITY OF SOUTH CAROLINA | 93.837 | Heart and Vascular Diseases Research | \$ 111,826 | \$ 9,337 | |
| | PURDUE UNIVERSITY | | Heart and Vascular Diseases Research | \$ (3,699) | \$ - | |
| | UNIVERSITY OF NORTH CAROLINA | | Heart and Vascular Diseases Research | \$ 18,750 | \$ 455 | |
| | VANDERBILT UNIVERSITY | 93.838 | Lung Diseases Research | \$ 96,198 | \$ - | |
| | ENDGENITOR TECHNOLOGIES, LLC | 93.839 | Blood Diseases and Resources Research | \$ 9,917 | \$ - | |
| | GENERAL BIOTECHNOLOGY, INC | | Blood Diseases and Resources Research | \$ 10,696 | \$ - | |
| | UNIVERSITY OF CALIFORNIA, DAVIS | | Blood Diseases and Resources Research | \$ 55,060 | \$ - | |
| | OREGON HEALTH AND SCIENCE UNIVERSITY | 93.846 | Arthritis, Musculoskeletal and Skin Diseases Research | \$ 54,738 | \$ - | |
| | UNIVERSITY OF DELAWARE | | Arthritis, Musculoskeletal and Skin Diseases Research | \$ 104,844 | \$ - | |
| | BENAROYA RESEARCH INSTITUTE AT VIRGINIA MASON | 93.847 | Diabetes, Endocrinology and Metabolism Research | \$ 1,329 | \$ - | |
| | THE GEORGE WASHINGTON UNIVERSITY | | Diabetes, Endocrinology and Metabolism Research | \$ 54,151 | \$ - | |
| | PURDUE UNIVERSITY | 93.848 | Digestive Diseases and Nutrition Research | \$ 60,918 | \$ 1,782 | |
| | UNIVERSITY OF CHICAGO | 93.849 | Kidney Diseases, Urology and Hematology Research | \$ 255,932 | \$ - | |
| | UNIVERSITY OF TORONTO | | Kidney Diseases, Urology and Hematology Research | \$ 60,651 | \$ - | |
| | TUFTS-NEW ENGLAND MEDICAL CENTER | 93.853 | Extramural Research Programs in the Neurosciences and Neurological Disorders | \$ 82,045 | \$ - | |
| | UNIVERSITY OF CALIFORNIA, SAN FRANCISCO | | Extramural Research Programs in the Neurosciences and Neurological Disorders | \$ 19,583 | \$ - | |
| | UNIVERSITY OF CINCINNATI | | Extramural Research Programs in the Neurosciences and Neurological Disorders | \$ 174,169 | \$ - | |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Research and Development Cluster | | | | | | |
|---|--------------------|---|-----------------------|--|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| | | UNIVERSITY OF TEXAS SOUTHWESTERN | | Extramural Research Programs in the Neurosciences and Neurological Disorders | \$ 112,117 | \$ - |
| | | WASHINGTON UNIVERSITY | | Extramural Research Programs in the Neurosciences and Neurological Disorders | \$ 73,351 | \$ - |
| | | HEALTH RESEARCH, INC. | 93.856 | Microbiology and Infectious Diseases Research | \$ 143,755 | \$ - |
| | | UNIVERSITY OF WASHINGTON | | Microbiology and Infectious Diseases Research | \$ 58,939 | \$ - |
| | | FAMILY HEALTH INTERNATIONAL | 93.865 | Child Health and Human Development Extramural Research | \$ 2,915 | \$ 465 |
| | | UNIVERSITY OF ALABAMA BIRMINGHAM | | Child Health and Human Development Extramural Research | \$ 8,799 | \$ - |
| | | EMORY UNIVERSITY | 93.866 | Aging Research | \$ 61,110 | \$ - |
| | | NATIONAL OPINION RESEARCH CENTER | | Aging Research | \$ 27,295 | \$ - |
| | | UNIVERSITY OF SOUTHERN CALIFORNIA | | Aging Research | \$ 20,533 | \$ - |
| | | MICHIGAN STATE UNIVERSITY | 93.867 | Vision Research | \$ 20,077 | \$ - |
| | | UNIVERSITY OF CALIFORNIA, DAVIS | | Vision Research | \$ 286,784 | \$ - |
| | | UNIVERSITY OF ROCHESTER | | Vision Research | \$ 175,154 | \$ - |
| | | UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER HOUSTON | | Vision Research | \$ 20,512 | \$ - |
| | | WAVEFRONT SCIENCES INC | | Vision Research | \$ 86,304 | \$ - |
| | | PURDUE UNIVERSITY | 93.894 | Resource and Manpower Development in the Environmental Health Sciences | \$ 54,260 | \$ - |
| | | QUARRYMEN OPTICAL INC | 93.1 R41 EY 013888-01 | | \$ 10 | \$ - |
| | | PRINCETON UNIVERSITY | 93.1167 C | Biomedical Research and Research Training | \$ 24,172 | \$ - |
| | | PROPORTIONAL TECHNOLOGIES, INC. | 93.2R44DK 58466-02 | Diabetes, Endocrinology and Metabolism Research | \$ (693) | \$ - |
| | | SCRIPPS RESEARCH INSTITUTE | 93.5 U01 AA013517-04 | | \$ 14,507 | \$ - |
| | | UNIVERSITY OF PENNSYLVANIA | 93.5-44430 | Microbiology and Infectious Diseases Research | \$ 11,329 | \$ 2,177 |
| | | UNIVERSITY OF TEXAS SOUTHWESTERN | 93.INGRAM | Extramural Research Programs in the Neurosciences and Neurological Disorders | \$ 281,943 | \$ 3,613 |
| | | UNIVERSITY OF TEXAS SOUTHWESTERN | 93.P50 NS052606-01 | Extramural Research Programs in the Neurosciences and Neurological Disorders | \$ 478,800 | \$ 13,195 |
| | | JOHNS HOPKINS UNIVERSITY | 93.U01 DK0661704-03 | | \$ 717 | \$ - |
| | Pass Through Total | | | \$ 6,200,869 | \$ 39,129 | |
| NATIONAL INSTITUTES OF HEALTH | Total | | | \$ 6,200,869 | \$ 39,129 | |
| NATIONAL LIBRARY OF MEDICINE | Direct | | 93.879 | Medical Library Assistance | \$ 1,109,868 | \$ 587,481 |
| | | | 93.N01-LM-9-3542 | | \$ (7,291) | \$ - |
| | Direct Total | | | | \$ 1,102,577 | \$ 587,481 |
| | Pass Through | REGENSTRIEF FOUNDATION, INC. | 93.000 | | \$ (747) | \$ - |
| | | COLUMBIA UNIVERSITY | 93.879 | Medical Library Assistance | \$ 18,843 | \$ - |
| | | REGENSTRIEF INSTITUTE, INC. | | Medical Library Assistance | \$ 116,743 | \$ - |
| | Pass Through Total | | | | \$ 134,839 | \$ - |
| NATIONAL LIBRARY OF MEDICINE | Total | | | | \$ 1,237,416 | \$ 587,481 |
| SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION | Pass Through | ORC MACRO | 93.35126-5S726 | | \$ 12,245 | \$ - |
| | Pass Through Total | | | | \$ 12,245 | \$ - |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Research and Development Cluster | | | | | | |
|---|--------------------|---|----------------|---|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION Total | | | | | \$ 12,245 | \$ - |
| U.S. DEPT OF HEALTH AND HUMAN SERVICES | Direct | | 93.233-02-0066 | | \$ 156,256 | \$ - |
| | Direct Total | | | | \$ 156,256 | \$ - |
| | Pass Through | GEORGIA DEPT COMMUNITY HEALTH | 93.000 | | \$ 26,364 | \$ - |
| | | POSITIVE IMPACT INC | 93.243 | Substance Abuse and Mental Health Services_Projects of Regional and National Significance | \$ 42,697 | \$ - |
| | | UNIVERSITY OF TENNESSEE | 93.389 | National Center for Research Resources | \$ 73,959 | \$ - |
| | | AMERICAN INSTITUTES FOR RESEARCH | 93.393 | Cancer Cause and Prevention Research | \$ 66,378 | \$ - |
| | | ENERGY COORDINATING AGENCY | 93.568 | Low-Income Home Energy Assistance | \$ 36,573 | \$ - |
| | | PURDUE UNIVERSITY | 93.596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund | \$ 38,687 | \$ - |
| | | PURDUE UNIVERSITY | 93.846 | Arthritis, Musculoskeletal and Skin Diseases Research | \$ 5,827 | \$ 1,034 |
| | | UNIVERSITY OF IOWA | 93.853 | Extramural Research Programs in the Neurosciences and Neurological Disorders | \$ 119,918 | \$ - |
| | | SAINT LOUIS UNIVERSITY | 93.855 | Allergy, Immunology and Transplantation Research | \$ 38,234 | \$ - |
| | | NORTHWEST PORTLAND AREA INDIAN HEALTH BOARD | 93.933 | Demonstration Projects for Indian Health | \$ 12,377 | \$ - |
| | Pass Through Total | | | \$ 461,014 | \$ 1,034 | |
| U.S. DEPT OF HEALTH AND HUMAN SERVICES Total | | | | | \$ 617,270 | \$ 1,034 |
| U.S. FOOD AND DRUG ADMINISTRATION | Direct | | 93.223-03-8722 | | \$ 6,121 | \$ - |
| | Direct Total | | | | \$ 6,121 | \$ - |
| U.S. FOOD AND DRUG ADMINISTRATION Total | | | | | \$ 6,121 | \$ - |
| U.S. DEPT OF HEALTH AND HUMAN SERVICES Total | | | | | \$ 142,737,907 | \$ 13,169,766 |
| U.S. DEPT OF HOMELAND SECURITY | | | | | | |
| FEDERAL EMERGENCY MANAGEMENT AGENCY | Direct | | 97.028 | Emergency Management Institute (EMI)_Resident Educational Program | \$ 565 | \$ - |
| | Direct Total | | | | \$ 565 | \$ - |
| FEDERAL EMERGENCY MANAGEMENT AGENCY Total | | | | | \$ 565 | \$ - |
| U.S. COAST GUARD | Pass Through | INFORMATION IN PLACE INC | 97.LESH | | \$ 64 | \$ - |
| | Pass Through Total | | | | \$ 64 | \$ - |
| U.S. COAST GUARD Total | | | | | \$ 64 | \$ - |
| U.S. DEPT OF HOMELAND SECURITY Total | | | | | | |
| U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT | | | | | \$ 629 | \$ - |
| U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT | Pass Through | UNIVERSITY OF CALIFORNIA, DAVIS | 98.001 | USAID Foreign Assistance for Programs Overseas | \$ 8,519 | \$ 4,500 |
| | | VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY | | USAID Foreign Assistance for Programs Overseas | \$ 43,181 | \$ - |
| | | CENTRO INTERNACIONAL DE AGRICULTURA TROPICAL | 98.012 | USAID Development Partnerships for University Cooperation and Development | \$ 3,852 | \$ - |
| | Pass Through Total | | | \$ 55,552 | \$ 4,500 | |
| U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT Total | | | | | \$ 55,552 | \$ 4,500 |

Indiana University
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2006

| Research and Development Cluster | | | | | |
|----------------------------------|---------------------|----------------|--------------------|-----------------------|--------------------------|
| Federal Grantor | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| Grand Total | | | | \$ 193,901,654 | \$ 19,952,954 |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Student Financial Aid Cluster | | | | | | |
|--|--------------|---------------------|----------------|---|----------------------|--------------------------|
| Federal Grantor | | PASS THROUGH ENTITY | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| U.S. Dept of Education | Direct | | 84.063 | Federal Pell Grant Program | \$ 43,517,061 | \$ - |
| | | | 84.007 | Federal Supplemental Educational Opportunity Grants | \$ 2,826,486 | \$ - |
| | | | 84.033 | Federal Work-Study Program | \$ 4,723,641 | \$ - |
| | | | 84.038 | Federal Perkins Loan Program_Federal Capital Contributions | \$ 15,433,432 | \$ - |
| | Direct Total | | | | \$ 66,500,620 | \$ - |
| U.S. Dept of Education Total | | | | | \$ 66,500,620 | |
| U.S. Dept of Health and Human Services | | | | | | |
| Health Resources and Services Administration | Direct | | 93.342 | Health Professions Student Loans | \$ 2,238,910 | \$ - |
| | | | 93.364 | Nursing Student Loans | \$ 185,167 | \$ - |
| | | | 93.925 | Scholarships for Health Professions Students from Disadvantaged Backgrounds | \$ 154,369 | \$ - |
| | Direct Total | | | | \$ 2,578,446 | |
| Health Resources and Services Administration Total | | | | | \$ 2,578,446 | \$ - |
| U.S. Dept of Health and Human Services Total | | | | | \$ 2,578,446 | \$ - |
| Grand Total Student Financial Aid Cluster | | | | | \$ 69,079,066 | \$ - |

| Federal Transit Cluster | | | | | | |
|--------------------------------------|--------------|---------------------|----------------|---|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| FEDERAL TRANSIT ADMINISTRATION | Direct | | 20.500 | Federal Transit Capital Investment Grants | \$ 870,121 | \$ - |
| | Direct Total | | | | \$ 870,121 | \$ - |
| FEDERAL TRANSIT ADMINISTRATION Total | | | | | \$ 870,121 | \$ - |
| Grand Total | | | | | \$ 870,121 | \$ - |

| Highway Safety Cluster | | | | | | |
|--|--------------------|------------------------------------|----------------|------------------------------------|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION | Pass Through | INDIANA CRIMINAL JUSTICE INSTITUTE | 20.600 | State and Community Highway Safety | \$ 1,007,386 | \$ 2,071 |
| | Pass Through Total | | | | \$ 1,007,386 | \$ 2,071 |
| NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION Total | | | | | \$ 1,007,386 | \$ 2,071 |
| U.S. DEPT OF TRANSPORTATION | Pass Through | INDIANA CRIMINAL JUSTICE INSTITUTE | 20.600 | State and Community Highway Safety | \$ 478,372 | \$ - |
| | Pass Through Total | | | | \$ 478,372 | \$ - |
| U.S. DEPT OF TRANSPORTATION Total | | | | | \$ 478,372 | \$ - |
| Grand Total | | | | | \$ 1,485,758 | \$ 2,071 |

| Special Education Cluster | | | | | | |
|------------------------------|--------------------|---------------------------------|----------------|------------------------------------|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| U.S. DEPT OF EDUCATION | Pass Through | INDIANA DEPARTMENT OF EDUCATION | 84.027 | Special Education_Grants to States | \$ 327,514 | \$ 20,000 |
| | Pass Through Total | | | | \$ 327,514 | \$ 20,000 |
| U.S. DEPT OF EDUCATION Total | | | | | \$ 327,514 | \$ 20,000 |
| Grand Total | | | | | \$ 327,514 | \$ 20,000 |

Indiana University
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2006

| TRIO Cluster | | | | | | |
|------------------------|--------------|---------------------|----------------|---|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| U.S. DEPT OF EDUCATION | Direct | | 84.042 | TRIO_ Student Support Services | \$ 1,190,674 | \$ - |
| | | | 84.047 | TRIO_ Upward Bound | \$ 875,065 | \$ - |
| | | | 84.217 | TRIO_ McNair Post-Baccalaureate Achievement | \$ 480,208 | \$ - |
| | Direct Total | | | | \$ 2,545,947 | \$ - |
| U.S. DEPT OF EDUCATION | Total | | | | \$ 2,545,947 | \$ - |
| Grand Total | | | | | \$ 2,545,947 | \$ - |

| Aging Cluster | | | | | | |
|--|--------------------|--|----------------|---|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| U.S. DEPT OF HEALTH AND HUMAN SERVICES | Pass Through | INDIANA DIVISION DISABILITY, AGING & REHABILITATIVE SERVICES | 93.044 | Special Programs for the Aging_ Title III, Pa | \$ 273,411 | \$ - |
| | | INDIANA DIVISION DISABILITY, AGING & REHABILITATIVE SERVICES | 93.045 | Special Programs for the Aging_ Title III, Pa | \$ 338,061 | \$ - |
| | Pass Through Total | | | | \$ 611,472 | \$ - |
| U.S. DEPT OF HEALTH AND HUMAN SERVICES | Total | | | | \$ 611,472 | \$ - |
| Grand Total | | | | | \$ 611,472 | \$ - |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Other Programs | | | | | | |
|---|--------------------|---|---------------------|---|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| U.S. DEPT OF AGRICULTURE | | | | | | |
| U.S. DEPT OF AGRICULTURE | Direct | | 10.206 | Grants for Agricultural Research Competitive Research Grants | \$ 53,247 | \$ - |
| | Direct Total | | | | \$ 53,247 | \$ - |
| | Pass Through | INDIANA STATE DEPARTMENT OF HEALTH | 10.557 | Special Supplemental Nutrition Program for Women, Infants, and Children | \$ 3,939 | \$ - |
| | | INDIANA DEPARTMENT OF EDUCATION | 10.558 | Child and Adult Care Food Program | \$ 64,894 | \$ - |
| | Pass Through Total | | | | \$ 68,833 | \$ - |
| U.S. DEPT OF AGRICULTURE | | | | | | |
| Total | | | | | \$ 122,080 | \$ - |
| U.S. DEPT OF AGRICULTURE | | | | | | |
| FOREST SERVICE | Direct | | 10.962 | Cochran Fellowship Program-International Training-Foreign Participant | \$ 41,373 | \$ - |
| | Direct Total | | | | \$ 41,373 | \$ - |
| U.S. DEPT OF AGRICULTURE | | | | | | |
| FOREST SERVICE Total | | | | | \$ 41,373 | \$ - |
| U.S. DEPT OF AGRICULTURE | | | | | | |
| Total | | | | | \$ 163,453 | \$ - |
| U.S. DEPT OF COMMERCE | | | | | | |
| NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION | Pass Through | INDIANA DEPARTMENT OF NATURAL RESOURCES | 11.432 | Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes | \$ 11,195 | \$ - |
| | Pass Through Total | | | | \$ 11,195 | \$ - |
| NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION | | | | | | |
| Total | | | | | \$ 11,195 | \$ - |
| U.S. DEPT OF COMMERCE | Direct | | 11.303 | Economic Development Technical Assistance | \$ 7,880 | \$ - |
| | | | 11.550 | Public Telecommunications Facilities Planning and Construction | \$ 10,403 | \$ - |
| | | | 11.552 | Technology Opportunities Program | \$ 21,363 | \$ - |
| | Direct Total | | | | \$ 39,646 | \$ - |
| U.S. DEPT OF COMMERCE | | | | | | |
| Total | | | | | \$ 39,646 | \$ - |
| U.S. DEPT OF COMMERCE | | | | | | |
| Total | | | | | \$ 50,841 | \$ - |
| U.S. DEPT OF DEFENSE | | | | | | |
| AIR FORCE OFFICE OF SCIENTIFIC RESEARCH | Direct | | 12.800 | Air Force Defense Research Sciences Program | \$ 153,923 | \$ - |
| | Direct Total | | | | \$ 153,923 | \$ - |
| AIR FORCE OFFICE OF SCIENTIFIC RESEARCH | | | | | | |
| Total | | | | | \$ 153,923 | \$ - |
| NAVAL SURFACE WARFARE CENTER CRANE DIVISION | Direct | | 12.N00164-05-P-1231 | | \$ 12,000 | \$ - |
| | Direct Total | | | | \$ 12,000 | \$ - |
| NAVAL SURFACE WARFARE CENTER CRANE DIVISION | | | | | | |
| Total | | | | | \$ 12,000 | \$ - |
| U.S. ARMY | Direct | | 12.000 | | \$ 33,240 | \$ - |
| | | | 12.550 | International Education U.S. Colleges and Universities | \$ 49,331 | \$ - |
| | Direct Total | | | | \$ 82,571 | \$ - |
| U.S. ARMY | | | | | | |
| Total | | | | | \$ 82,571 | \$ - |
| U.S. ARMY WAR COLLEGE | Direct | | 12.W91QF0-04-P-0089 | | \$ 914 | \$ - |
| | Direct Total | | | | \$ 914 | \$ - |
| U.S. ARMY WAR COLLEGE | | | | | | |
| Total | | | | | \$ 914 | \$ - |
| U.S. DEPT OF DEFENSE | Pass Through | LOCKHEED MARTIN CORPORATION | 12.PP5-220115 | | \$ 6,000 | \$ - |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Other Programs | | | | | | | |
|--|---------------------|------------------------------------|---|--|--------------------------|-----------|--|
| Federal Grantor | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures | | |
| | Pass Through Total | | | \$ 6,000 | \$ - | | |
| U.S. DEPT OF DEFENSE Total | | | | \$ 6,000 | \$ - | | |
| U.S. DEPT OF DEFENSE Total | | | | \$ 255,408 | \$ - | | |
| U.S. DEPT OF HOUSING AND URBAN DEVELOPMENT | Direct | | Community Outreach Partnership Center Program | \$ 40,752 | \$ - | | |
| | | | Community Development Work-Study Program | \$ 81,343 | \$ - | | |
| | Direct Total | | | | \$ 122,095 | \$ - | |
| | Pass Through | CLARIAN HEALTH PARTNERS, INC. | 14.246 | Community Development Block Grants/Brownfields Economic Development Initiative | \$ (4,903) | \$ - | |
| | Pass Through Total | | | | \$ (4,903) | \$ - | |
| U.S. DEPT OF HOUSING AND URBAN DEVELOPMENT Total | | | | \$ 117,192 | \$ - | | |
| U.S. DEPT OF THE INTERIOR | | | | | | | |
| NATIONAL PARK SERVICE | Direct | | | \$ 421,435 | \$ - | | |
| | | | Outdoor Recreation_Acquisition, Development and Planning | \$ 1,267,717 | \$ - | | |
| | Direct Total | | | | \$ 1,689,152 | \$ - | |
| NATIONAL PARK SERVICE Total | | | | \$ 1,689,152 | \$ - | | |
| U.S. DEPT OF THE INTERIOR | Direct | 15.04-04-PO-32122 | | \$ 4,749 | \$ - | | |
| | Direct Total | | | \$ 4,749 | \$ - | | |
| U.S. DEPT OF THE INTERIOR Total | | | | \$ 4,749 | \$ - | | |
| U.S. GEOLOGICAL SURVEY | Direct | | U.S. Geological Survey_ Research and Data Collection | \$ 105,339 | \$ - | | |
| | | | National Spatial Data Infrastructure Cooperative Agreements Program | \$ 16,652 | \$ - | | |
| | | | National Cooperative Geologic Mapping Program | \$ 47,204 | \$ - | | |
| | Direct Total | | | | \$ 169,195 | \$ - | |
| | Pass Through | PURDUE UNIVERSITY | 15.000 | | \$ 4,917 | \$ - | |
| | Pass Through Total | PURDUE UNIVERSITY | 15.805 | Assistance to State Water Resources Research Institutes | \$ 27,978 | \$ - | |
| U.S. GEOLOGICAL SURVEY Total | | | | \$ 202,090 | \$ - | | |
| U.S. DEPT OF THE INTERIOR Total | | | | \$ 1,895,991 | \$ - | | |
| U.S. DEPT OF JUSTICE | | | | | | | |
| BUREAU OF PRISONS | Direct | | | \$ 6,164 | \$ - | | |
| | | | 16.DJBTHA5F540001 | \$ 1,391 | \$ - | | |
| | | | 16.DJBTHAFF540001*M1 | \$ 6,007 | \$ - | | |
| | Direct Total | | | | \$ 13,562 | \$ - | |
| BUREAU OF PRISONS Total | | | | \$ 13,562 | \$ - | | |
| U.S. DEPT OF JUSTICE | Direct | | Grants to Reduce Violent Crimes Against Women on Campus | \$ 23,610 | \$ - | | |
| | | | Public Safety Partnership and Community Policing Grants | \$ 9,209 | \$ - | | |
| | Direct Total | | | | \$ 32,819 | \$ - | |
| | Pass Through | INDIANA CRIMINAL JUSTICE INSTITUTE | 16.575 | Crime Victim Assistance | \$ 64,221 | \$ 60,427 | |
| | Pass Through Total | INDIANA CRIMINAL JUSTICE INSTITUTE | 16.588 | Violence Against Women Formula Grants | \$ 30,640 | \$ - | |
| U.S. DEPT OF JUSTICE Total | | | | \$ 127,680 | \$ 60,427 | | |
| U.S. DEPT OF JUSTICE Total | | | | \$ 141,242 | \$ 60,427 | | |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Other Programs | | | | | | |
|--|--------------------|--|----------------------------|---|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| U.S. DEPT OF LABOR | | | | | | |
| U.S. DEPT OF LABOR | | | | | | |
| MINE SAFETY AND HEALTH ADMINISTRATION | Direct | | 17.600 | Mine Health and Safety Grants | \$ 6,784 | \$ - |
| | Direct Total | | | | \$ 6,784 | \$ - |
| MINE SAFETY AND HEALTH ADMINISTRATION Total | | | | | \$ 6,784 | \$ - |
| U.S. DEPT OF LABOR | Pass Through | INDIANA DIVISION DISABILITY, AGING & REHABILITATIVE SERVICES | 17.235 | Senior Community Service Employment Program | \$ 131,280 | \$ - |
| | | INDIANAPOLIS PRIVATE INDUSTRY COUNCIL | 17.HALDTEAD | WIA Pilots, Demonstrations, and Research Projects | \$ 9,971 | \$ - |
| | Pass Through Total | | | | \$ 141,251 | \$ - |
| U.S. DEPT OF LABOR Total | | | | | \$ 141,251 | \$ - |
| U.S. DEPT OF LABOR Total | | | | | \$ 148,035 | \$ - |
| U.S. DEPT OF STATE | | | | | | |
| U.S. DEPT OF STATE | Direct | | 19.000 | | \$ 539,211 | \$ - |
| | | | 19.401 | Educational Exchange_ University Lecturers (Professors) and Research Scholars | \$ 26,714 | \$ - |
| | | | 19.415 | Professional Exchanges_Annual Open Grant | \$ 10,939 | \$ - |
| | | | 19.424 | Educational Partnerships Program | \$ 54,753 | \$ - |
| | | | 19.510 | U.S. Refugee Admissions Program | \$ 80,534 | \$ - |
| | | | 19.1072-575109^M001 | | \$ 54,137 | \$ - |
| | Direct Total | | | | \$ 766,288 | \$ - |
| | Pass Through | NAFSA - ASSOCIATION OF INTERNATIONAL EDUCATORS | 19.000 | | \$ 1,709 | \$ - |
| | | PURDUE UNIVERSITY | | | \$ 28,104 | \$ - |
| | | SOCIAL SCIENCE RESEARCH COUNCIL | 19.300 | Program for Study of Eastern Europe and the Independent States of the Former Soviet Union | \$ 283,891 | \$ - |
| | | NAFSA - ASSOCIATION OF INTERNATIONAL EDUCATORS | 19.420 | Cooperative Grants | \$ 854 | \$ - |
| | Pass Through Total | | | | \$ 314,558 | \$ - |
| U.S. DEPT OF STATE Total | | | | | \$ 1,080,846 | \$ - |
| U.S. EMBASSY SOUTH AFRICA: PRETORIA | Direct | | 19.000 | | \$ 6,000 | \$ - |
| | Direct Total | | | | \$ 6,000 | \$ - |
| U.S. EMBASSY SOUTH AFRICA: PRETORIA Total | | | | | \$ 6,000 | \$ - |
| U.S. DEPT OF STATE Total | | | | | \$ 1,086,846 | \$ - |
| U.S. DEPT OF TRANSPORTATION | | | | | | |
| FEDERAL AVIATION ADMINISTRATION | Pass Through | INDIANAPOLIS AIRPORT AUTHORITY | 20.106 | Airport Improvement Program | \$ 3,150 | \$ - |
| | Pass Through Total | | | | \$ 3,150 | \$ - |
| FEDERAL AVIATION ADMINISTRATION Total | | | | | \$ 3,150 | \$ - |
| FEDERAL TRANSIT ADMINISTRATION | Direct | | 20.502 | Federal Transit Grants for University Research and Training | \$ 140,481 | \$ - |
| | Direct Total | | | | \$ 140,481 | \$ - |
| FEDERAL TRANSIT ADMINISTRATION Total | | | | | \$ 140,481 | \$ - |
| NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION | Direct | | 20.613 | Child Safety and Child Booster Seats Incentive Grants | \$ 40,420 | \$ - |
| | | | 20.DTNH22-01-C-07002^M0019 | | \$ 395,211 | \$ - |
| | Direct Total | | | | \$ 435,631 | \$ - |
| | Pass Through | INDIANA CRIMINAL JUSTICE INSTITUTE | 20.000 | | \$ 210,335 | \$ - |
| | | INDIANA CRIMINAL JUSTICE INSTITUTE | 20.609 | Safety Belt Performance Grants | \$ 1,135 | \$ - |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Other Programs | | | | | | |
|--|--------------------|-----------------------------------|--------------------------|---|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| | | MANAGEMENT ASSISTANCE CORPORATION | 20.DTNH22-04-D-07127 | | \$ 148,670 | \$ - |
| | Pass Through Total | | | | \$ 360,140 | \$ - |
| NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION Total | | | | | \$ 795,771 | \$ - |
| U.S. DEPT OF TRANSPORTATION Total | | | | | \$ 939,402 | \$ - |
| U.S. POSTAL SERVICE | Direct | | 22.102592-02-Z-1306^M003 | | \$ 25,747 | \$ - |
| | Direct Total | | | | \$ 25,747 | \$ - |
| U.S. POSTAL SERVICE Total | | | | | \$ 25,747 | \$ - |
| FEDERAL MEDIATION AND CONCILIATION SERVICE | Direct | | 34.002 | Labor Management Cooperation | \$ 6,681 | \$ - |
| | Direct Total | | | | \$ 6,681 | \$ - |
| FEDERAL MEDIATION AND CONCILIATION SERVICE Total | | | | | \$ 6,681 | \$ - |
| THE LIBRARY OF CONGRESS | Pass Through | EDUCATION AND RESEARCH CONSORTIUM | 42.000 | | \$ 242,627 | \$ - |
| | Pass Through Total | | | | \$ 242,627 | \$ - |
| THE LIBRARY OF CONGRESS Total | | | | | \$ 242,627 | \$ - |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION | Direct | | 43.000 | | \$ (12) | \$ - |
| | | | 43.001 | Aerospace Education Services Program | \$ 23,926 | \$ - |
| | | | 43.NNJ06HB93B^DO10 | | \$ 20,000 | \$ - |
| | Direct Total | | | | \$ 43,914 | \$ - |
| | Pass Through | PURDUE UNIVERSITY | 43.001 | Aerospace Education Services Program | \$ 6,301 | \$ - |
| | | PURDUE UNIVERSITY | 43.523-2051-01 | | \$ 338 | \$ - |
| | | PURDUE UNIVERSITY | 43.523-2051-01^A1 | | \$ 10,000 | \$ - |
| | | HONEYWELL, INCORPORATED | 43.6118108 C | | \$ 19,801 | \$ - |
| | Pass Through Total | | | | \$ 36,440 | \$ - |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION Total | | | | | \$ 80,354 | \$ - |
| NATIONAL ENDOWMENT ON THE ARTS AND HUMANITIES | | | | | | |
| INSTITUTE OF MUSEUM AND LIBRARY SERVICES | Direct | | 45.301 | Museums for America | \$ 12,616 | \$ - |
| | | | 45.312 | National Leadership Grants | \$ 202,575 | \$ 19,628 |
| | | | 45.313 | Laura Bush 21st Century Librarian Program | \$ 372,041 | \$ 206,298 |
| | Direct Total | | | | \$ 587,232 | \$ 225,926 |
| | Pass Through | INDIANA STATE LIBRARY | 45.310 | Grants to States | \$ 111,609 | \$ - |
| | | JOHNS HOPKINS UNIVERSITY | 45.312 | National Leadership Grants | \$ 69,583 | \$ - |
| | | UNIVERSITY OF NOTRE DAME | 45.313 | Laura Bush 21st Century Librarian Program | \$ 11,591 | \$ - |
| | Pass Through Total | | | | \$ 192,783 | \$ - |
| INSTITUTE OF MUSEUM AND LIBRARY SERVICES Total | | | | | \$ 780,015 | \$ 225,926 |
| NATIONAL ENDOWMENT FOR THE ARTS | Direct | | 45.024 | Promotion of the Arts_Grants to Organizations and Individuals | \$ 15,694 | \$ - |
| | | | 45.026 | Promotion of the Arts_Leadership Initiatives | \$ 328 | \$ - |
| | Direct Total | | | | \$ 16,022 | \$ - |
| NATIONAL ENDOWMENT FOR THE ARTS Total | | | | | \$ 16,022 | \$ - |
| NATIONAL ENDOWMENT FOR THE HUMANITIES | Direct | | 45.149 | Promotion of the Humanities_Division of Preservation and Access | \$ 42,554 | \$ 9,223 |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Other Programs | | | | | | |
|---|--------------------|--|----------------|--|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| | | | 45.162 | Promotion of the Humanities_Teaching and Learning Resources and Curriculum Development | \$ 11 | \$ - |
| | Direct Total | | | | \$ 42,565 | \$ 9,223 |
| | Pass Through | INDIANA HUMANITIES COUNCIL | 45.129 | Promotion of the Humanities_Federal/State Partnership | \$ 1,630 | \$ - |
| | | COMMITTEE ON INSTITUTIONAL COOPERATION | 45.149 | Promotion of the Humanities_Division of Preservation and Access | \$ 6,641 | \$ - |
| | Pass Through Total | | | | \$ 8,271 | \$ - |
| NATIONAL ENDOWMENT FOR THE HUMANITIES Total | | | | | \$ 50,836 | \$ 9,223 |
| NATIONAL ENDOWMENT ON THE ARTS AND HUMANITIES Total | | | | | \$ 846,873 | \$ 235,149 |
| NATIONAL SCIENCE FOUNDATION | Direct | | 47.049 | Mathematical and Physical Sciences | \$ 290,081 | \$ - |
| | | | 47.070 | Computer and Information Science and Engineering | \$ 94,913 | \$ - |
| | | | 47.074 | Biological Sciences | \$ 72,960 | \$ - |
| | | | 47.075 | Social, Behavioral, and Economic Sciences | \$ 79,254 | \$ - |
| | | | 47.076 | Education and Human Resources | \$ 2,000,533 | \$ 89,750 |
| | Direct Total | | | | \$ 2,537,741 | \$ 89,750 |
| | Pass Through | JOINT OCEANOGRAPHIC INSTITUTIONS, INC. | 47.050 | Geosciences | \$ 73,269 | \$ - |
| | | ASSOCIATION FOR INSTITUTIONAL RESEARCH | 47.075 | Social, Behavioral, and Economic Sciences | \$ 1,663 | \$ - |
| | | NORTHWESTERN UNIVERSITY | | Social, Behavioral, and Economic Sciences | \$ 56,435 | \$ - |
| | | UNIVERSITY OF PENNSYLVANIA | | Social, Behavioral, and Economic Sciences | \$ 279,016 | \$ - |
| | | ILLINOIS STATE UNIVERSITY | 47.076 | Education and Human Resources | \$ 22,028 | \$ - |
| | | PURDUE UNIVERSITY | | Education and Human Resources | \$ 124,517 | \$ - |
| | | TECHNICAL EDUCATION RESEARCH CENTERS, INC. | | Education and Human Resources | \$ 120,514 | \$ - |
| Pass Through Total | | | | \$ 992,182 | \$ - | |
| NATIONAL SCIENCE FOUNDATION Total | | | | | \$ 3,529,923 | \$ 89,750 |
| SMALL BUSINESS ADMINISTRATION | Direct | | 59.007 | 7(j) Technical Assistance | \$ 34,728 | \$ - |
| | Direct Total | | | | \$ 34,728 | \$ - |
| SMALL BUSINESS ADMINISTRATION Total | | | | | \$ 34,728 | \$ - |
| U.S. ENVIRONMENTAL PROTECTION AGENCY | Direct | | 66.514 | Science To Achieve Results (STAR) Fellowship Program | \$ 4,834 | \$ - |
| | Direct Total | | | | \$ 4,834 | \$ - |
| | Pass Through | INDIANA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT | 66.460 | Nonpoint Source Implementation Grants | \$ (285) | \$ - |
| | Pass Through Total | | | | \$ (285) | \$ - |
| U.S. ENVIRONMENTAL PROTECTION AGENCY Total | | | | | \$ 4,549 | \$ - |
| PEACE CORPS | Direct | | 8.PC-04-8-089 | | \$ 485 | \$ - |
| | | | 8.PC-5-8-056 | | \$ 11,620 | \$ - |
| Direct Total | | | | | \$ 12,105 | \$ - |
| PEACE CORPS Total | | | | | \$ 12,105 | \$ - |
| U.S. DEPT OF ENERGY | Direct | | 81.049 | Office of Science Financial Assistance Program | \$ 21,750 | \$ - |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Other Programs | | | | | | |
|---------------------------|--------------------|--|----------------------|---|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| | Direct Total | | | | \$ 21,750 | \$ - |
| | Pass Through | FERMI NATIONAL ACCELERATOR LABORATORY | 81.000 | | \$ 985 | \$ - |
| | | KRELL INSTITUTE | | | \$ 1,159 | \$ - |
| | | THOMAS JEFFERSON NATIONAL ACCELERATOR FACILITY | | | \$ 2,309 | \$ - |
| | | UNIVERSITY OF CHICAGO | 81.089 | Fossil Energy Research and Development | \$ 46,338 | \$ - |
| | | UNIVERSITY OF ILLINOIS | | Fossil Energy Research and Development | \$ 74,711 | \$ - |
| | | BATTELLE MEMORIAL INSTITUTE | 81.104 | Office of Environmental Cleanup and Acceleration | \$ 74,035 | \$ - |
| | | THOMAS JEFFERSON NATIONAL ACCELERATOR FACILITY | 81.121 | Nuclear Energy Research, Development and Demonstration | \$ 682 | \$ - |
| | | THOMAS JEFFERSON NATIONAL ACCELERATOR FACILITY | 81.05-P0931 | | \$ 9,111 | \$ - |
| | | THOMAS JEFFERSON NATIONAL ACCELERATOR FACILITY | 81.05-PO133 | | \$ 2,218 | \$ - |
| | | THOMAS JEFFERSON NATIONAL ACCELERATOR FACILITY | 81.06-PO800 | | \$ 354 | \$ - |
| | | SANDIA NATIONAL LABORATORY | 81.460675 C | | \$ 14,769 | \$ - |
| | | SANDIA NATIONAL LABORATORY | 81.542624 Revision 2 | | \$ 24,091 | \$ - |
| | | THOMAS JEFFERSON NATIONAL ACCELERATOR FACILITY | 81.SURA-05-P0931*M02 | | \$ 31,477 | \$ - |
| | Pass Through Total | | | | \$ 282,239 | \$ - |
| U.S. DEPT OF ENERGY Total | | | | | \$ 303,989 | \$ - |
| U.S. DEPT OF EDUCATION | Direct | | 84.000 | | \$ 323,895 | \$ - |
| | | | 84.015 | National Resource Centers and Fellowships Program for Language and Area or Language and International Studies | \$ 2,590,110 | \$ - |
| | | | 84.016 | Undergraduate International Studies and Foreign Language Programs | \$ 55,791 | \$ - |
| | | | 84.017 | International Research and Studies | \$ 103,968 | \$ - |
| | | | 84.022 | Overseas Doctoral Dissertation | \$ 203,373 | \$ - |
| | | | 84.116 | Fund for the Improvement of Postsecondary Education | \$ 587,223 | \$ 68,360 |
| | | | 84.170 | Javits Fellowships | \$ 145,257 | \$ - |
| | | | 84.200 | Graduate Assistance in Areas of National Need | \$ 153,132 | \$ - |
| | | | 84.215 | Fund for the Improvement of Education | \$ 17,429 | \$ - |
| | | | 84.220 | Centers for International Business Education | \$ 321,386 | \$ - |
| | | | 84.229 | Language Resource Centers | \$ 407,261 | \$ - |
| | | | 84.305 | Education Research, Development and Dissemination | \$ 270,057 | \$ 51,771 |
| | | | 84.325 | Special Education - Personnel Development to Improve Services and Results for Children with Disabilities | \$ 288,151 | \$ - |
| | | | 84.334 | Gaining Early Awareness and Readiness for Undergraduate Programs | \$ 51,539 | \$ - |
| | | | 84.335 | Child Care Access Means Parents in School | \$ 37,581 | \$ - |
| | | | 84.339 | Learning Anytime Anywhere Partnerships | \$ 13,815 | \$ - |
| | Direct Total | | | | \$ 5,569,968 | \$ 120,132 |
| | Pass Through | CENTER FOR CIVIC EDUCATION | 84.000 | | \$ 582,606 | \$ - |
| | | CRAWFORDSVILLE COMMUNITY SCHOOL CORPORATION | | | \$ 20,253 | \$ - |
| | | KENTUCKY DEPARTMENT OF EDUCATION | | | \$ 34,833 | \$ - |
| | | UNIVERSITY OF CALIFORNIA, LOS ANGELES | 84.015 | National Resource Centers and Fellowships Program for Language and Area or Language and International Studies | \$ 24,705 | \$ - |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Other Programs | | | | | | |
|--|--|--------------------|---|----------------------|--------------------------|--|
| Federal Grantor | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures | |
| | INDIANA COMMISSION FOR HIGHER EDUCATION | 84.048 | Vocational Education_Basic Grants to States | \$ 618,658 | \$ - | |
| | IVY TECH STATE COLLEGE REGION 13 | | Vocational Education_Basic Grants to States | \$ 6,767 | \$ - | |
| | STATE STUDENT ASSISTANCE COMMISSION | | Vocational Education_Basic Grants to States | \$ 14,106 | \$ - | |
| | UNIVERSITY OF TEXAS | 84.116 | Fund for the Improvement of Postsecondary Education | \$ 5,656 | \$ - | |
| | INDIANA DIVISION DISABILITY, AGING & REHABILITATIVE SERVICES | 84.126 | Rehabilitation Services_Vocational Rehabilitation Grants to States | \$ 333,548 | \$ - | |
| | INDIANA FAMILY AND SOCIAL SERVICES ADMINISTRATION | | Rehabilitation Services_Vocational Rehabilitation Grants to States | \$ 77,851 | \$ - | |
| | UNIVERSITY OF ILLINOIS, CHICAGO | 84.133 | National Institute on Disability and Rehabilitation Research | \$ 83,232 | \$ - | |
| | INDIANA DIVISION OF FAMILY & CHILDREN | 84.181 | Special Education_Grants for Infants and Families with Disabilities | \$ (295) | \$ - | |
| | INDIANA FAMILY AND SOCIAL SERVICES ADMINISTRATION | | Special Education_Grants for Infants and Families with Disabilities | \$ 437,052 | \$ 104,944 | |
| | INDIANA DEPARTMENT OF EDUCATION | 84.186 | Safe and Drug-Free Schools and Communities_State Grants | \$ 4,607 | \$ - | |
| | INDIANA DIVISION OF MENTAL HEALTH & ADDICTION | | Safe and Drug-Free Schools and Communities_State Grants | \$ 21,496 | \$ - | |
| | INDIANA COMMISSION FOR HIGHER EDUCATION | 84.243 | Tech-Prep Education | \$ 43,055 | \$ - | |
| | INDIANA DEPARTMENT OF WORKFORCE DEVELOPMENT | | Tech-Prep Education | \$ 26,493 | \$ - | |
| | GARY COMMUNITY SCHOOL CORPORATION | 84.287 | Twenty-First Century Community Learning Centers | \$ (856) | \$ - | |
| | CENTER FOR CIVIC EDUCATION | 84.304 | Civic Education - Cooperative Education Exchange Program | \$ 187,083 | \$ - | |
| | AMERICAN EDUCATIONAL RESEARCH ASSOCIATION | 84.305 | Education Research, Development and Dissemination | \$ 79,987 | \$ - | |
| | INDIANA DEPARTMENT OF EDUCATION | 84.323 | Special Education - State Personnel Development | \$ 1,199,797 | \$ 93,017 | |
| | OFFICE OF TWENTY-FIRST CENTURY SCHOLARS | 84.334 | Gaining Early Awareness and Readiness for Undergraduate Programs | \$ 1,116,811 | \$ - | |
| | STATE STUDENT ASSISTANCE COMMISSION | | Gaining Early Awareness and Readiness for Undergraduate Programs | \$ 131,230 | \$ - | |
| | INDIANA DEPARTMENT OF EDUCATION | 84.357 | Reading First State Grants | \$ 1,569,032 | \$ - | |
| | INDIANA COMMISSION FOR HIGHER EDUCATION | 84.367 | Improving Teacher Quality State Grants | \$ 218,487 | \$ 17,825 | |
| | INDIANA DEPARTMENT OF EDUCATION | | Improving Teacher Quality State Grants | \$ 44,586 | \$ - | |
| | NATIONAL WRITING PROJECT CORPORATION | 84.928 | National Writing Project | \$ 84,622 | \$ - | |
| | WRIGHT STATE UNIVERSITY | 84.063123-IES1 | Fund for the Improvement of Education | \$ 34,460 | \$ - | |
| | ASSOCIATION FOR INSTITUTIONAL RESEARCH | 84.1-52U-8856 | | \$ 35,067 | \$ - | |
| | DEL NORTE CO SCHOOL DISTRICT | 84.ALBERTS | | \$ 4,372 | \$ - | |
| | INDIANA DEPARTMENT OF WORKFORCE DEVELOPMENT | 84.C1-04-JLG-06-04 | Vocational Education_Basic Grants to States | \$ 309 | \$ - | |
| | INDIANA DEPARTMENT OF WORKFORCE DEVELOPMENT | 84.C1-05-JLG-09-13 | Vocational Education_Basic Grants to States | \$ 223,506 | \$ - | |
| | SYNERGY ENTERPRISES, INC. | 84.ED04CO0156 | | \$ 46,172 | \$ - | |
| | SYNERGY ENTERPRISES, INC. | 84.ED05CO0076/005 | | \$ 65,999 | \$ - | |
| | SYNERGY ENTERPRISES, INC. | 84.MATO | | \$ 72,496 | \$ - | |
| | OHIO DEPARTMENT OF EDUCATION | 84.PLUCKER | Transition to Teaching | \$ 57,080 | \$ - | |
| | BROWN COUNTY SCHOOL CORPORATION | 84.U215X040232 | Fund for the Improvement of Education | \$ 168,081 | \$ - | |
| | Pass Through Total | | | \$ 7,672,944 | \$ 215,786 | |
| U.S. DEPT OF EDUCATION Total | | | | \$ 13,242,912 | \$ 335,918 | |
| U.S. DEPT OF HEALTH AND HUMAN SERVICES | | | | | | |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Other Programs | | | | | | |
|--|--|---|---|--|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| ADMINISTRATION FOR CHILDREN AND FAMILIES | Pass Through | INDIANA PROTECTION AND ADVOCACY SERVICES | 93.630 | Developmental Disabilities Basic Support and Advocacy Grants | \$ 6,137 | \$ - |
| | | INDIANA DEPARTMENT OF CHILD SERVICES | 93.658 | Foster Care Title IV-E | \$ 635,465 | \$ 53,800 |
| | | INDIANA FAMILY AND SOCIAL SERVICES ADMINISTRATION | 93.53-04-1G-0203 | Child Support Enforcement Research | \$ 34,075 | \$ - |
| | Pass Through Total | | | | \$ 675,677 | \$ 53,800 |
| ADMINISTRATION FOR CHILDREN AND FAMILIES Total | | | | | \$ 675,677 | \$ 53,800 |
| CENTERS FOR DISEASE CONTROL & PREVENTION | Direct | | 93.939 | HIV Prevention Activities_Non-Governmental Organization Based | \$ 233,370 | \$ 73,531 |
| | Direct Total | | | | \$ 233,370 | \$ 73,531 |
| | Pass Through | UNIVERSITY OF ILLINOIS, CHICAGO | 93.184 | Disabilities Prevention | \$ 67,712 | \$ - |
| | | BALL STATE UNIVERSITY | 93.283 | Centers for Disease Control and Prevention_Investigations and Technical Assistance | \$ 1,964 | \$ - |
| | | INDIANA STATE DEPARTMENT OF HEALTH | | Centers for Disease Control and Prevention_Investigations and Technical Assistance | \$ 187,091 | \$ - |
| | | COLUMBIA UNIVERSITY | 93.941 | HIV Demonstration, Research, Public and Professional Education Projects | \$ 2,743,402 | \$ 2,172,708 |
| | | INDIANA STATE DEPARTMENT OF HEALTH | 93.991 | Preventive Health and Health Services Block Grant | \$ 45,683 | \$ - |
| | | CONSTELLA GROUP, LLC. | 93.200-2005-F-13779/IND^A1 | | \$ 15,108 | \$ - |
| | | RTI INTERNATIONAL | 93.2-5-IU-9350 | | \$ 19,184 | \$ - |
| | | BALL STATE UNIVERSITY | 93.5-46541 | | \$ 3,212 | \$ - |
| | | INDIANA STATE DEPARTMENT OF HEALTH | 93.BPRS 200-13 | Centers for Disease Control and Prevention_Investigations and Technical Assistance | \$ 251,160 | \$ - |
| | | INDIANA STATE DEPARTMENT OF HEALTH | 93.BPRS 200-25 | Centers for Disease Control and Prevention_Investigations and Technical Assistance | \$ 126,497 | \$ - |
| | HEALTH AND HOSPITAL CORPORATION OF MARION COUNTY | 93.LANGLEY | Preventive Health Services_Sexually Transmitted Diseases Control Grants | \$ 21,893 | \$ - | |
| | Pass Through Total | | | | \$ 3,482,906 | \$ 2,172,708 |
| CENTERS FOR DISEASE CONTROL & PREVENTION Total | | | | | \$ 3,716,276 | \$ 2,246,239 |
| FOGARTY INTERNATIONAL CENTER | Direct | | 93.989 | International Research and Research Training | \$ 4,486 | \$ - |
| | Direct Total | | | | \$ 4,486 | \$ - |
| FOGARTY INTERNATIONAL CENTER Total | | | | | \$ 4,486 | \$ - |
| HEALTH RESOURCES AND SERVICES ADMINISTRATION | Direct | | 93.107 | Model State-Supported Area Health Education Centers | \$ 972,813 | \$ 514,516 |
| | | | 93.110 | Maternal and Child Health Federal Consolidated Programs | \$ 948,321 | \$ 82,347 |
| | | | 93.127 | Emergency Medical Services for Children | \$ 30,640 | \$ - |
| | | | 93.358 | Advanced Education Nursing Traineeships | \$ 125,178 | \$ - |
| | | | 93.824 | Basic/Core Area Health Education Centers | \$ 250 | \$ - |
| | | | 93.884 | Grants for Training in Primary Care Medicine and Dentistry | \$ (3,444) | \$ - |
| | | Direct Total | | | | \$ 2,073,758 |
| | Pass Through | CENTER FOR MENTAL HEALTH | 93.000 | | \$ 6,848 | \$ - |
| INDIANA STATE DEPARTMENT OF HEALTH | | 93.110 | Maternal and Child Health Federal Consolidated Programs | \$ 18,322 | \$ - | |
| STATE EMERGENCY MANAGEMENT AGENCY | | 93.127 | Emergency Medical Services for Children | \$ (25,121) | \$ - | |

Indiana University
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2006

| Other Programs | | | | | | |
|--|--------------------|---|--------------------------|--|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| | | UNIVERSITY OF ILLINOIS, CHICAGO | 93.249 | Public Health Training Centers Grant Program | \$ 29,550 | \$ - |
| | | INDIANA STATE DEPARTMENT OF HEALTH | 93.917 | HIV Care Formula Grants | \$ 11,288 | \$ - |
| | | HEALTH AND HOSPITAL CORPORATION OF MARION COUNTY | 93.926 | Healthy Start Initiative | \$ 11,950 | \$ - |
| | | HEALTH AND HOSPITAL CORPORATION OF MARION COUNTY | 93.DUBE | Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease | \$ 51,963 | \$ - |
| | | INDIANA STATE DEPARTMENT OF HEALTH | 93.GIG 200-8 | Maternal and Child Health Federal Consolidated Programs | \$ (768) | \$ - |
| | | Pass Through Total | | | | \$ 104,032 |
| HEALTH RESOURCES AND SERVICES ADMINISTRATION Total | | | | | \$ 2,177,790 | \$ 596,864 |
| MATERNAL AND CHILD HEALTH BUREAU | Direct | | 93.110 | Maternal and Child Health Federal Consolidated Programs | \$ 124,100 | \$ - |
| | Direct Total | | | | \$ 124,100 | \$ - |
| | Pass Through | INDIANA PARENT INFORMATION NETWORK | 93.110 | Maternal and Child Health Federal Consolidated Programs | \$ 89 | \$ - |
| | | INDIANA FAMILY AND SOCIAL SERVICES ADMINISTRATION | 93.994 | Maternal and Child Health Services Block Grant to the States | \$ 240,141 | \$ - |
| | | INDIANA STATE DEPARTMENT OF HEALTH | | Maternal and Child Health Services Block Grant to the States | \$ 1,222,790 | \$ 312,378 |
| | | INDIANA FAMILY AND SOCIAL SERVICES ADMINISTRATION | 93.49-02-60-0203*3 | | \$ (108) | \$ - |
| | Pass Through Total | | | | \$ 1,462,912 | \$ 312,378 |
| MATERNAL AND CHILD HEALTH BUREAU Total | | | | | \$ 1,587,012 | \$ 312,378 |
| NATIONAL CANCER INSTITUTE | Direct | | 93.399 | Cancer Control | \$ 30,905 | \$ - |
| | | | 93.N02-RC-67702 | | \$ 66,593 | \$ - |
| | Direct Total | | | | \$ 97,498 | \$ - |
| | Pass Through | UNIVERSITY OF ALABAMA BIRMINGHAM | 93.394 | Cancer Detection and Diagnosis Research | \$ 8,146 | \$ - |
| | | FRONTIER SCIENCE AND TECHNOLOGY RESEARCH FOUNDATION INC | 93.395 | Cancer Treatment Research | \$ 10,092 | \$ - |
| | | GOG CORPORATION | | Cancer Treatment Research | \$ 7,719 | \$ - |
| | | CTRC RESEARCH FOUNDATION | 93.399 | Cancer Control | \$ 3,175 | \$ - |
| | | UNIVERSITY OF LOUISVILLE | | Cancer Control | \$ 1,237 | \$ - |
| | | BOOZ ALLEN HAMILTON | 93.1435-04-04-CT73980 | | \$ (3,287) | \$ - |
| | | BOOZ ALLEN HAMILTON | 93.82573CBS10 | | \$ 76,584 | \$ - |
| | | BOOZ ALLEN HAMILTON | 93.B27755000220310000012 | | \$ 60,222 | \$ - |
| | | AMERICAN COLLEGE OF RADIOLOGY | 93.CA80098 | | \$ 1,129 | \$ - |
| | | TRACERA, INC. | 93.N43-CM-52212 | | \$ 27,974 | \$ - |
| | | WAYNE STATE UNIVERSITY | 93.NO2-CO-51103 | | \$ 48,172 | \$ - |
| | | Pass Through Total | | | | \$ 241,163 |
| NATIONAL CANCER INSTITUTE Total | | | | | \$ 338,661 | \$ - |
| NATIONAL CENTER FOR RESEARCH RESOURCES | Direct | | 93.389 | National Center for Research Resources | \$ 627,225 | \$ 67,110 |
| | Direct Total | | | | \$ 627,225 | \$ 67,110 |
| NATIONAL CENTER FOR RESEARCH RESOURCES Total | | | | | \$ 627,225 | \$ 67,110 |
| NATIONAL EYE INSTITUTE | Direct | | 93.867 | Vision Research | \$ 128,623 | \$ - |
| | Direct Total | | | | \$ 128,623 | \$ - |
| | Pass Through | EMORY UNIVERSITY | 93.000 | | \$ 8,888 | \$ - |
| | | EMORY UNIVERSITY | 93.867 | Vision Research | \$ 4,610 | \$ - |
| Pass Through Total | | | | \$ 13,498 | \$ - | |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Other Programs | | | | | | | |
|--|--------------------|---|----------------|--|---|--------------------------|----------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures | |
| NATIONAL EYE INSTITUTE Total | | | | | \$ 142,121 | \$ - | |
| NATIONAL HEART, LUNG AND BLOOD INSTITUTE | Direct | | 93.837 | Heart and Vascular Diseases Research | \$ 283,746 | \$ 27,849 | |
| | | | 93.838 | Lung Diseases Research | \$ 66,546 | \$ - | |
| | | | 93.839 | Blood Diseases and Resources Research | \$ 345,656 | \$ - | |
| | Direct Total | | | | \$ 695,948 | \$ 27,849 | |
| | Pass Through | MEDICAL COLLEGE OF OHIO | | 93.000 | | \$ 3 | \$ - |
| | | SEATTLE INSTITUTE OF CARDIAC RESEARCH | | 93.837 | Heart and Vascular Diseases Research | \$ 1,430 | \$ - |
| | | UMDNJ-NEW JERSEY MEDICAL SCHOOL | | 93.839 | Blood Diseases and Resources Research | \$ 6,980 | \$ - |
| | | UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER HOUSTON | | 93.GALLH182 | | \$ (37) | \$ - |
| Pass Through Total | | | | \$ 8,376 | \$ - | | |
| NATIONAL HEART, LUNG AND BLOOD INSTITUTE Total | | | | | \$ 704,324 | \$ 27,849 | |
| NATIONAL INSTITUTE ALLERGY & INFECTIOUS DISEASES | Direct | | 93.856 | Microbiology and Infectious Diseases Research | \$ 4,800 | \$ - | |
| | | Direct Total | | | | \$ 4,800 | \$ - |
| | Pass Through | CEDARS-SINAI MEDICAL CENTER | | 93.855 | Allergy, Immunology and Transplantation Research | \$ 2,925 | \$ - |
| | | SOCIAL & SCIENTIFIC SYSTEMS, INC. | | 93.856 | Microbiology and Infectious Diseases Research | \$ 41,138 | \$ 5,148 |
| | | UNIVERSITY OF IOWA | | 93.5 R01 AI053034-02 | Microbiology and Infectious Diseases Research | \$ 7,242 | \$ - |
| | Pass Through Total | | | | \$ 51,305 | \$ 5,148 | |
| NATIONAL INSTITUTE ALLERGY & INFECTIOUS DISEASES Total | | | | | \$ 56,105 | \$ 5,148 | |
| NATIONAL INSTITUTE OF ARTHRITIS & MUSCULOSKELETAL & SKIN | Direct | | 93.846 | Arthritis, Musculoskeletal and Skin Diseases Research | \$ 253,771 | \$ - | |
| | | Direct Total | | | | \$ 253,771 | \$ - |
| | Pass Through | MAYO CLINIC COLLEGE OF MEDICINE | | 93.846 | Arthritis, Musculoskeletal and Skin Diseases Research | \$ 454 | \$ - |
| | | UNIVERSITY OF UTAH | | 93.9809032GA | | \$ 79,671 | \$ - |
| | Pass Through Total | | | | \$ 80,125 | \$ - | |
| NATIONAL INSTITUTE OF ARTHRITIS & MUSCULOSKELETAL & SKIN Total | | | | | \$ 333,896 | \$ - | |
| NATIONAL INSTITUTE OF CHILD HEALTH, HUMAN DEVELOPMENT | Direct | | 93.865 | Child Health and Human Development Extramural Research | \$ 790,278 | \$ - | |
| | | Direct Total | | | | \$ 790,278 | \$ - |
| NATIONAL INSTITUTE OF CHILD HEALTH, HUMAN DEVELOPMENT Total | | | | | \$ 790,278 | \$ - | |
| NATIONAL INSTITUTE OF DENTAL AND CRANIOFACIAL RESEARCH | Direct | | 93.121 | Oral Diseases and Disorders Research | \$ 35,000 | \$ - | |
| | | Direct Total | | | | \$ 35,000 | \$ - |
| NATIONAL INSTITUTE OF DENTAL AND CRANIOFACIAL RESEARCH Total | | | | | \$ 35,000 | \$ - | |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Other Programs | | | | | | |
|--|--------------|---------------------------------------|--------------------|--|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| NATIONAL INSTITUTE OF DIABETES DIGESTIVE & KIDNEY DISEASES | Direct | | 93.847 | Diabetes, Endocrinology and Metabolism Research | \$ 44,716 | \$ - |
| | | | 93.849 | Kidney Diseases, Urology and Hematology Research | \$ (22,410) | \$ - |
| | Direct Total | | | | \$ 22,306 | \$ - |
| | Pass Through | JOHNS HOPKINS UNIVERSITY | 93.848 | Digestive Diseases and Nutrition Research | \$ 21,662 | \$ 3,192 |
| | | UNIVERSITY OF PITTSBURGH | | Digestive Diseases and Nutrition Research | \$ 4,935 | \$ - |
| | | RHODE ISLAND HOSPITAL | 93.849 | Kidney Diseases, Urology and Hematology Research | \$ 61,622 | \$ - |
| | | MONTEFIORE MEDICAL CENTER | 93.5u01 dk63549-02 | | \$ 1,209 | \$ - |
| Pass Through Total | | | | \$ 89,428 | \$ 3,192 | |
| NATIONAL INSTITUTE OF DIABETES DIGESTIVE & KIDNEY DISEASES Total | | | | | \$ 111,734 | \$ 3,192 |
| NATIONAL INSTITUTE OF ENVIRONMENTAL HEALTH SCIENCES | Direct | | 93.894 | Resource and Manpower Development in the Environmental Health Sciences | \$ 25,742 | \$ - |
| | Direct Total | | | | \$ 25,742 | \$ - |
| NATIONAL INSTITUTE OF ENVIRONMENTAL HEALTH SCIENCES Total | | | | | \$ 25,742 | \$ - |
| NATIONAL INSTITUTE OF GENERAL MEDICAL SCIENCES | Direct | | 93.859 | Biomedical Research and Research Training | \$ 868,861 | \$ - |
| | Direct Total | | | | \$ 868,861 | \$ - |
| NATIONAL INSTITUTE OF GENERAL MEDICAL SCIENCES Total | | | | | \$ 868,861 | \$ - |
| NATIONAL INSTITUTE OF MENTAL HEALTH | Direct | | 93.282 | Mental Health National Research Service Awards for Research Training | \$ 149,294 | \$ - |
| | Direct Total | | | | \$ 149,294 | \$ - |
| NATIONAL INSTITUTE OF MENTAL HEALTH Total | | | | | \$ 149,294 | \$ - |
| NATIONAL INSTITUTE OF NEUROLOGICAL DISORDERS & STROKE | Direct | | 93.853 | Extramural Research Programs in the Neurosciences and Neurological Disorders | \$ 197,798 | \$ - |
| | | Direct Total | | | \$ 197,798 | \$ - |
| | Pass Through | COLUMBIA UNIVERSITY | 93.853 | Extramural Research Programs in the Neurosciences and Neurological Disorders | \$ 10,038 | \$ - |
| | | WASHINGTON UNIVERSITY | | Extramural Research Programs in the Neurosciences and Neurological Disorders | \$ 45,352 | \$ - |
| | | YALE SCHOOL OF MEDICINE | | Extramural Research Programs in the Neurosciences and Neurological Disorders | \$ 1,745 | \$ - |
| | | UNIVERSITY OF CALIFORNIA, LOS ANGELES | 93.1580GFD415 | Extramural Research Programs in the Neurosciences and Neurological Disorders | \$ 3,294 | \$ - |
| | | MAYO CLINIC, ROCHESTER | 93.R01 NS042759-04 | Extramural Research Programs in the Neurosciences and Neurological Disorders | \$ 12,594 | \$ - |
| Pass Through Total | | | | \$ 73,023 | \$ - | |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Other Programs | | | | | | |
|--|--------------------|---|------------------|--|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| NATIONAL INSTITUTE OF NEUROLOGICAL DISORDERS & STROKE | Total | | | | \$ 270,821 | \$ - |
| NATIONAL INSTITUTE OF NURSING RESEARCH | Direct | | 93.361 | Nursing Research | \$ 312,123 | \$ - |
| | Direct Total | | | | \$ 312,123 | \$ - |
| NATIONAL INSTITUTE OF NURSING RESEARCH | Total | | | | \$ 312,123 | \$ - |
| NATIONAL INSTITUTE ON AGING | Direct | | 93.866 | Agng Research | \$ 45,263 | \$ - |
| | Direct Total | | | | \$ 45,263 | \$ - |
| | Pass Through | UNIVERSITY OF CALIFORNIA, SAN DIEGO | 93.866 | Agng Research | \$ 44,687 | \$ - |
| | | UNIVERSITY OF CALIFORNIA, SAN DIEGO | 93.ADNI-024 | | \$ 6,910 | \$ - |
| | Pass Through Total | | | | \$ 51,597 | \$ - |
| NATIONAL INSTITUTE ON AGING | Total | | | | \$ 96,860 | \$ - |
| NATIONAL INSTITUTE ON ALCOHOL ABUSE & ALCOHOLISM | Direct | | 93.272 | Alcohol National Research Service Awards for Research Training | \$ 63,532 | \$ - |
| | Direct Total | | | | \$ 63,532 | \$ - |
| NATIONAL INSTITUTE ON ALCOHOL ABUSE & ALCOHOLISM | Total | | | | \$ 63,532 | \$ - |
| NATIONAL INSTITUTE ON DEAFNESS AND OTHER COMMUNICATION DISORDERS | Direct | | 93.173 | Research Related to Deafness and Communication Disorders | \$ 677,260 | \$ - |
| | Direct Total | | | | \$ 677,260 | \$ - |
| NATIONAL INSTITUTE ON DEAFNESS AND OTHER COMMUNICATION DISORDERS | Total | | | | \$ 677,260 | \$ - |
| NATIONAL INSTITUTES OF HEALTH | Pass Through | CENTER FOR MENTAL HEALTH | 93.000 | | \$ 2,299 | \$ - |
| | | AMERICAN PHYSIOLOGICAL SOCIETY | 93.389 | National Center for Research Resources | \$ 10,453 | \$ - |
| | | AMERICAN COLLEGE OF RADIOLOGY | 93.395 | Cancer Treatment Research | \$ 37,963 | \$ - |
| | | DUKE UNIVERSITY | | Cancer Treatment Research | \$ (997) | \$ - |
| | | GOG CORPORATION | | Cancer Treatment Research | \$ 44,337 | \$ - |
| | | MAYO CLINIC, ROCHESTER | 93.399 | Cancer Control | \$ 26,257 | \$ 4,251 |
| | | JOHNS HOPKINS UNIVERSITY | 93.848 | Digestive Diseases and Nutrition Research | \$ 15,580 | \$ 835 |
| | | UNIVERSITY OF IOWA | 93.853 | Extramural Research Programs in the Neurosciences and Neurological Disorders | \$ 14,804 | \$ - |
| | | UNIVERSITY OF MEDICINE & DENTISTRY NEW JERSEY | | Extramural Research Programs in the Neurosciences and Neurological Disorders | \$ 1,000 | \$ - |
| | | UNIVERSITY OF MICHIGAN | 93.866 | Agng Research | \$ 7,849 | \$ - |
| | | UNIVERSITY OF NEW MEXICO | 93.3R16J/316J0 | | \$ 66,936 | \$ - |
| | | UNIVERSITY OF WASHINGTON | 93.467084 C | | \$ 253,918 | \$ - |
| | | MASSACHUSETTS GENERAL HOSPITAL | 93.HELPER | Food and Drug Administration Research | \$ 3,176 | \$ - |
| | | MAYO CLINIC, ROCHESTER | 93.UO1 CA 089389 | Cancer Control | \$ 111,166 | \$ 2,353 |
| | | VANDERBILT UNIVERSITY | 93.VUMC:CA97386 | Cancer Cause and Prevention Research | \$ 140,329 | \$ 3,529 |
| | | BALL STATE UNIVERSITY | 93.WOLF | | \$ 64,882 | \$ - |
| | | WAYNE STATE UNIVERSITY | 93.WSU05013 | | \$ 56,170 | \$ - |
| | Pass Through Total | | | | \$ 856,122 | \$ 10,968 |
| NATIONAL INSTITUTES OF HEALTH | Total | | | | \$ 856,122 | \$ 10,968 |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Other Programs | | | | | | |
|---|--------------------|--|--|---|----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| NATIONAL LIBRARY OF MEDICINE | Direct | | 93.879 | Medical Library Assistance | \$ 600,024 | \$ 51,183 |
| | | | 93.467-MZ-401062 | | \$ 11,863 | \$ - |
| | | | 93.467-MZ-500891 | | \$ 83,976 | \$ - |
| | | | 93.467-MZ-600820 | | \$ 15,848 | \$ - |
| | Direct Total | | | | \$ 711,711 | \$ 51,183 |
| | Pass Through | UNIVERSITY OF ILLINOIS, CHICAGO | 93.879 | Medical Library Assistance | \$ 58,381 | \$ - |
| | | NATIONAL NETWORK OF LIBRARIES OF MEDICINE | 93.N01-LM-1-3513 | | \$ 2,645 | \$ - |
| Pass Through Total | | | | \$ 61,026 | \$ - | |
| NATIONAL LIBRARY OF MEDICINE Total | | | | | \$ 772,737 | \$ 51,183 |
| OFFICE ON WOMEN'S HEALTH | Direct | | 93.HHSP233200400852P | | \$ 20,000 | \$ 7,927 |
| | Direct Total | | | | \$ 20,000 | \$ 7,927 |
| OFFICE ON WOMEN'S HEALTH Total | | | | | \$ 20,000 | \$ 7,927 |
| SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION | Direct | | 93.243 | Substance Abuse and Mental Health Services_Projects of Regional and National Significance | \$ 18,342 | \$ - |
| | | Direct Total | | | \$ 18,342 | \$ - |
| | Pass Through | INDIANA BEHAVIORAL HEALTH CHOICES | 93.104 | Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) | \$ 213,327 | \$ - |
| | | INDIANA FAMILY AND SOCIAL SERVICES ADMINISTRATION | 93.230 | Consolidated Knowledge Development and Application (KD&A) Program | \$ 75,001 | \$ - |
| | | DARTMOUTH COLLEGE | 93.243 | Substance Abuse and Mental Health Services_Projects of Regional and National Significance | \$ 20,195 | \$ - |
| | | INDIANA DIVISION OF MENTAL HEALTH & ADDICTION | | Substance Abuse and Mental Health Services_Projects of Regional and National Significance | \$ 110,342 | \$ - |
| | | INDIANA DIVISION OF MENTAL HEALTH & ADDICTION | 93.61-06-HQ-0203 | Substance Abuse and Mental Health Services_Projects of Regional and National Significance | \$ 155,880 | \$ - |
| | Pass Through Total | | | | \$ 574,745 | \$ - |
| SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION Total | | | | | \$ 593,087 | \$ - |
| U.S. DEPT OF HEALTH AND HUMAN SERVICES | Direct | | 93.632 | University Centers for Excellence in Developmental Disabilities Education, Research, and Service | \$ 495,615 | \$ - |
| | | | 93.282-97-0075 | | \$ 35,750 | \$ - |
| | | | 93.HHSP233200400934P | | \$ 21,558 | \$ - |
| | Direct Total | | | | \$ 552,923 | \$ - |
| | Pass Through | INDIANA DIVISION DISABILITY, AGING & REHABILITATIVE SERVICES | 93.042 | Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals | \$ 9,389 | \$ - |
| | | INDIANA DIVISION DISABILITY, AGING & REHABILITATIVE SERVICES | 93.043 | Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services | \$ 10,293 | \$ - |
| | | INDIANA DIVISION DISABILITY, AGING & REHABILITATIVE SERVICES | 93.048 | Special Programs for the Aging_Title IV_and Title II_Discretionary Projects | \$ 533,392 | \$ - |
| | | INDIANA FAMILY AND SOCIAL SERVICES ADMINISTRATION | | Special Programs for the Aging_Title IV_and Title II_Discretionary Projects | \$ 10,790 | \$ - |
| INDIANA DIVISION DISABILITY, AGING & REHABILITATIVE SERVICES | | 93.051 | Alzheimer's Disease Demonstration Grants to States | \$ 108,218 | \$ - | |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Other Programs | | | | | | |
|--|--------------------|--|-------------------------|---|---|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| | | INDIANA DIVISION DISABILITY, AGING & REHABILITATIVE SERVICES | 93.052 | National Family Caregiver Support | \$ 83,198 | \$ - |
| | | INDIANA STATE DEPARTMENT OF HEALTH | 93.110 | Maternal and Child Health Federal Consolidated Programs | \$ 68,263 | \$ - |
| | | INDIANA DIVISION DISABILITY, AGING & REHABILITATIVE SERVICES | 93.558 | Temporary Assistance for Needy Families | \$ 1,463 | \$ - |
| | | NATIONAL YOUTH SPORTS PROGRAM FUND | 93.570 | Community Services Block Grant_Discretionary Awards | \$ 66 | \$ - |
| | | GEMINUS CORPORATION | 93.600 | Head Start | \$ 18,130 | \$ - |
| | | INDIANA DIVISION DISABILITY, AGING & REHABILITATIVE SERVICES | 93.667 | Social Services Block Grant | \$ 595,989 | \$ - |
| | | UNIVERSITY OF ALABAMA | 93.855 | Allergy, Immunology and Transplantation Research | \$ 3,571 | \$ - |
| | | INDIANA STATE DEPARTMENT OF HEALTH | 93.917 | HIV Care Formula Grants | \$ 85,255 | \$ - |
| | | INDIANA STATE DEPARTMENT OF HEALTH | 93.944 | Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance | \$ 213,163 | \$ - |
| | | INDIANA DIVISION OF MENTAL HEALTH & ADDICTION | 93.959 | Block Grants for Prevention and Treatment of Substance Abuse | \$ 1,097,683 | \$ - |
| | | INDIANA FAMILY AND SOCIAL SERVICES ADMINISTRATION | | Block Grants for Prevention and Treatment of Substance Abuse | \$ 29,003 | \$ - |
| | | INDIANA DIVISION OF FAMILY & CHILDREN | 93.994 | Maternal and Child Health Services Block Grant to the States | \$ 1,140,638 | \$ - |
| | | INDIANA STATE DEPARTMENT OF HEALTH | | Maternal and Child Health Services Block Grant to the States | \$ 117,794 | \$ - |
| | Pass Through Total | | | | \$ 4,126,298 | \$ - |
| U.S. DEPT OF HEALTH AND HUMAN SERVICES Total | | | | | \$ 4,679,221 | \$ - |
| U.S. DEPT OF HEALTH AND HUMAN SERVICES Total | | | | | \$ 20,686,245 | \$ 3,382,657 |
| CORPORATION FOR NATIONAL AND COMMUNITY SERVICE | Direct | | 94.013 | Volunteers in Service to America | \$ 56,746 | \$ - |
| | Direct Total | | | | \$ 56,746 | \$ - |
| | Pass Through | WRIGHT STATE UNIVERSITY | 94.000 | | \$ (105) | \$ - |
| | | INDIANA DEPARTMENT OF EDUCATION | 94.004 | Learn and Serve America_School and Community Based Programs | \$ (480) | \$ - |
| | | INDIANA COMMISSION ON COMMUNITY SERVICE & VOLUNTEERISM | 94.006 | AmeriCorps | \$ 527,353 | \$ 71,870 |
| | | OFFICE OF FAITH BASED AND COMMUNITY INITIATIVES | | AmeriCorps | \$ 20,193 | \$ - |
| | Pass Through Total | | | | \$ 546,961 | \$ 71,870 |
| CORPORATION FOR NATIONAL AND COMMUNITY SERVICE Total | | | | | \$ 603,707 | \$ 71,870 |
| SOCIAL SECURITY ADMINISTRATION | Direct | | 96.008 | Social Security - Work Incentives Planning and Assistance Program | \$ 197,689 | \$ - |
| | Direct Total | | | | \$ 197,689 | \$ - |
| SOCIAL SECURITY ADMINISTRATION Total | | | | | \$ 197,689 | \$ - |
| U.S. DEPT OF HOMELAND SECURITY | | | | | | |
| FEDERAL EMERGENCY MANAGEMENT AGENCY | Direct | | 97.028 | Emergency Management Institute (EMI)_Resident Educational Program | \$ 5,263 | \$ - |
| | | | 97.HSFEEM-05-P-0394 | | \$ 2,750 | \$ - |
| | | | 97.HSFEEM-06-MP-6350213 | | \$ 2,438 | \$ - |
| | | | 97.HSFEEM-06-MP-6350234 | | Emergency Management Institute (EMI)_Resident Educational Program | \$ 2,422 |

Indiana University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Other Programs | | | | | | |
|---|--------------------|--|--------------------------|---|-----------------------|--------------------------|
| Federal Grantor | | Pass Through Entity | CFDA / Grant # | CFDA Program Title | Federal Expenditures | Subcontract Expenditures |
| | | | 97.HSFEEM-06-MP-63850201 | | \$ 2,223 | \$ - |
| | Direct Total | | | | \$ 15,096 | \$ - |
| | Pass Through | NATIONAL INSTITUTE OF BUILDING SCIENCES | 97.000 | | \$ 5,668 | \$ - |
| | | STATE EMERGENCY MANAGEMENT AGENCY | 97.BODENHAMER | Pre-Disaster Mitigation (PDM) Competitive Grants | \$ 352,631 | \$ - |
| | | ABS CONSULTING | 97.Katrina Flood | | \$ 13,860 | \$ - |
| | Pass Through Total | | | | \$ 372,159 | \$ - |
| FEDERAL EMERGENCY MANAGEMENT AGENCY Total | | | | | \$ 387,255 | \$ - |
| U.S. COAST GUARD | Pass Through | INFORMATION IN PLACE INC | 97.APPLEMAN | | \$ 2,769 | \$ - |
| | Pass Through Total | | | | \$ 2,769 | \$ - |
| U.S. COAST GUARD Total | | | | | \$ 2,769 | \$ - |
| U.S. DEPT OF HOMELAND SECURITY | Direct | | 97.044 | Assistance to Firefighters Grant | \$ 7 | \$ - |
| | Direct Total | | | | \$ 7 | \$ - |
| | Pass Through | STATE EMERGENCY MANAGEMENT AGENCY | 97.BODENHAMER | Pre-Disaster Mitigation (PDM) Competitive Grants | \$ 344,540 | \$ - |
| | | HEALTH AND HOSPITAL CORPORATION OF MARION COUNTY | 97.MMS2006 | Metropolitan Medical Response System | \$ 22,911 | \$ - |
| | Pass Through Total | | | | \$ 367,451 | \$ - |
| U.S. DEPT OF HOMELAND SECURITY Total | | | | | \$ 367,458 | \$ - |
| U.S. DEPT OF HOMELAND SECURITY Total | | | | | \$ 757,482 | \$ - |
| U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT | Direct | | 98.000 | | \$ 580,419 | \$ - |
| | | | 98.001 | USAID Foreign Assistance for Programs Overseas | \$ 101,636 | \$ - |
| | | | 98.006 | Foreign Assistance to American Schools and Hospitals Abroad (ASHA) | \$ (1,238) | \$ - |
| | | | 98.011 | Global Development Alliance | \$ 1,234,617 | \$ 25,977 |
| | Direct Total | | | | \$ 1,915,434 | \$ 25,977 |
| | Pass Through | VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY | 98.000 | | \$ 25,135 | \$ - |
| | | ACADEMY FOR EDUCATIONAL DEVELOPMENT | 98.001 | USAID Foreign Assistance for Programs Overseas | \$ 93,213 | \$ - |
| | | AMERICAN COUNCIL ON EDUCATION | | USAID Foreign Assistance for Programs Overseas | \$ 153,611 | \$ 20,141 |
| | | COLUMBIA UNIVERSITY | | USAID Foreign Assistance for Programs Overseas | \$ 3,481,800 | \$ 2,638,721 |
| | | ASSOCIATION LIAISON OFFICE FOR UNIVERSITY COOPERATION IN DEVELOPMENT | 98.002 | Cooperative Development Program (CDP) | \$ 43,566 | \$ - |
| | | COLUMBIA UNIVERSITY | | Cooperative Development Program (CDP) | \$ 929,238 | \$ 359,606 |
| | | WORLD LEARNING | 98.012 | USAID Development Partnerships for University Cooperation and Development | \$ 29,188 | \$ - |
| | Pass Through Total | | | | \$ 4,755,751 | \$ 3,018,468 |
| U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT Total | | | | | \$ 6,671,185 | \$ 3,044,445 |
| Grand Total | | | | | \$ 52,045,206 | \$ 7,220,215 |
| GRAND TOTAL ALL PROGRAMS | | | | | \$ 320,866,738 | \$ 27,195,240 |

INDIANA UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Scope of Review

All federal awards expended by the University have been included in the Schedule of Expenditures of Federal Awards.

Note 2. Basis of Presentation

Circular A-133 requires an annual audit of any entity expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of universities shall be conducted annually.

The accompanying Schedule of Federal Awards (the Schedule) has been prepared in a format that presents summary financial information of the federal funds awarded to Indiana University directly from federal agencies as well as amounts received as subgrantee of other organizations. For purposes of the Schedule, federal assistance includes all federal assistance and procurement relationships entered into directly between Indiana University and the federal government and subawards from nonfederal organizations made under federally sponsored agreements. Because the Schedule presents only a selected portion of the activities of Indiana University, it is not intended to and does not present either the financial position, change in net assets, or change in cash flows of Indiana University.

The accounting principles followed by Indiana University and used in preparing the accompanying schedule are as follows:

Awards Other Than Student Financial Assistance

Deductions (expenditures) for direct costs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in the U.S. Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Moreover, expenditures include a portion of costs associated with general university activities (indirect costs) which are allocated to federal awards under negotiated formulas commonly referred to as indirect cost rates.

INDIANA UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Student Financial Assistance

Expenditures for non-loan awards made to students are recognized and reported in the Schedule of Expenditures of Federal Awards.

Student loan programs are funded by the federal government under various programs; e.g., Perkins Student Loan, Health Professions Student Loan and Nursing Student Loan Programs. Activity related to these loan programs includes federal and university capital contributions, loan repayments, interest earned on loans, cancellation of loans, and administrative and collection cost. The Schedule of Expenditures of Federal Awards reflects only current year loans to students.

Note 3. Federal Family Education Loans

The number of guaranteed student loans and total amount for each program were as follows for Indiana University students for the year ended June 30, 2006:

| | <u>Number of Students</u> | <u>Amount</u> |
|--|-------------------------------|-----------------------|
| Federal Stafford Loans | 68,789 | \$ 331,002,998 |
| Federal Parents Loans for Undergraduate Students | <u>4,053</u> | <u>40,607,870</u> |
| Totals | <u>72,842</u> | <u>\$ 371,610,868</u> |

INDIANA UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

| | |
|---|---------------|
| Material weaknesses identified? | no |
| Reportable conditions identified that are not considered to be material weaknesses? | none reported |

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

| | |
|---|----|
| Material weaknesses identified? | no |
| Reportable conditions identified that are not considered to be material weaknesses? | no |

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

| <u>CFDA Number</u> | <u>Name of Federal Program</u> |
|------------------------|--|
| R&D Cluster | Research and Development Cluster |
| SFA Cluster | Student Financial Aid Cluster |
| 98.001 | USAID Foreign Assistance For Programs Overseas |

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Awards Findings and Questioned Costs

No matters are reportable.



**INDIANA UNIVERSITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**OFFICE OF STUDENT
ENROLLMENT
SERVICES**

FINDING NO. 2005-1

Federal Agency: US Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: Student Financial Aid Cluster
Auditee Contact Person: Steve Morris
Title of Contact Person: Director of Compliance, Student Enrollment Services
Phone Number: 812-856-5457
Expected Completion Date: Completed October, 2006

Corrective Action: (Finding: Eligibility)

Documentation was provided to the Department of Education, San Francisco office in October, 2006 that showed overawards have been corrected. Per the Final Audit Determination letter from the Department of Education dated Jan 26, 2007 Finding 2005-1—Inaccurate or Incomplete Reports—"Information from the institution and/or the auditor was sufficient to resolve this finding".

FINDING NO. 2005-2

Federal Agency: US Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: Student Financial Aid Cluster
Auditee Contact Person: Steve Morris
Title of Contact Person: Director of Compliance, Student Enrollment Services
Phone Number: 812-856-5457
Expected Completion Date: Completed October, 2006

Corrective Action: (Finding: Eligibility)

Overaward reports have been revised and campuses run the reports regularly to identify and resolve all overawards as required by Department of Education regulations. Documentation that overawards for 2004-05 had been corrected was provided to the Department of Education San Francisco office in October, 2006. Per the Department of Education Final Determination Letter "It appears that the Institution has implemented the necessary corrective action to ensure compliance with Federal regulations in its awarding and disbursing of Title IV, HEA Program Funds". Per the Indiana State Board of Accounts auditor comments for the 2005-06 audit year "The University implemented the necessary corrective action to ensure that Title IV, HEA funds were awarded properly. There were no instances of noncompliance noted during our audit testing".

The Poplars, Suite 611
400 East Seventh Street
Bloomington, Indiana
47405-3085

812-855-2218
Fax: 812-855-4117

FINDING NO. 2005-3

Federal Agency: U.S. Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: Student Financial Aid Cluster
Auditee Contact Person: Steve Morris
Title of Contact Person: Director of Compliance, Student Enrollment Services
Phone Number: 812-856-5457
Expected Completion Date: October, 2006

Corrective Action: (Finding: Adjusting Pell Grants When A Student Withdraws: East and Southeast Campuses)

Documentation was provided to the Department of Education San Francisco office in October, 2006 showing that Pell awards had been corrected. The Department of Education Final Determination Letter states "It appears that the Institution has taken necessary corrective action to address the problems identified by the auditor, and the Pell Grant overawards have been paid". In addition, at the conclusion of the 2005-06 A133 audit the Indiana State Board of Accounts auditor has stated "For the 2005-06 audit, the University implemented the necessary corrective action to ensure that Pell Grant funds were properly adjusted. There were no instances of noncompliance noted during our audit testing".

FINDING NO. 2005-4

Federal Agency: U. S. Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: Student Financial Aid Cluster
Auditee Contact Person: Steve Morris
Title of Contact Person: Director of Compliance, Student Enrollment Services
Phone Number: 812-856-5457
Expected Completion Date: October, 2006

Corrective Action: (Finding: Cash Management)

Documentation was provided to the Department of Education San Francisco office in October, 2006 showing that loan funds had been returned as required. The Department of Education Final Determination Letter states "Information from the Institution and/or the auditor was sufficient to resolve this finding".

FINDING NO. 2005-5

Federal Agency: U.S. Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: Student Financial Aid Cluster
Auditee Contact Person: Steve Morris
Title of Contact Person: Director of Compliance
Phone Number: 812-856-5457
Expected Completion Date: October, 2006



OFFICE OF STUDENT
ENROLLMENT
SERVICES

Corrective Action: (Finding: Incorrect calculations Of Return Of Title IV (R2T4) Funds—IUPUI and IU East Campuses)

Documentation was provided to the Department of Education San Francisco office in October, 2006 showing that R2T4 calculations had been corrected. The Department of Education Final Determination Letter states "It appears that the Institution has taken the necessary corrective action to resolve this finding:. In addition, the Indiana State Board Accounts auditor has stated that "For the 2005/06 audit, the University implemented the necessary corrective action to ensure that Title IV, HEA funds were awarded properly. There were no instances of noncompliance noted during our audit testing".

FINDING NO. 2005-6

Federal Agency: U.S. Department of Education

Federal Program: Student Financial Aid Cluster

CFDA Number: Student Financial Aid Cluster

Auditee Contact Person: Steve Morris

Title of Contact Person: Director of Compliance, Student Enrollment Services

Phone Number: 812-856-5457

Expected Completion Date: October, 2006

Corrective Action: (Finding: Calculating Student Awards Incorrectly—Northwest Campus)

Documentation was provided to the Department of Education San Francisco office in October, 2006 showing that summer budgets at IU Northwest were corrected. Steps have been taken to ensure that appropriate budgets are assigned to all students. The Department of Education Final Determination Letter states that "It appears that the Institution has taken the necessary corrective action to resolve this finding". In addition, the Indiana State Board of Accounts auditor has stated "For the 2005-06 audit, the University implemented the necessary corrective action to ensure that Title IV, HEA funds were awarded properly. There were no instances of noncompliance noted during our audit testing".

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Fax: 812-855-4117

INDIANA UNIVERSITY
EXIT CONFERENCE

The contents of this report were discussed on March 23, 2007. Those attending were:

University Representatives:

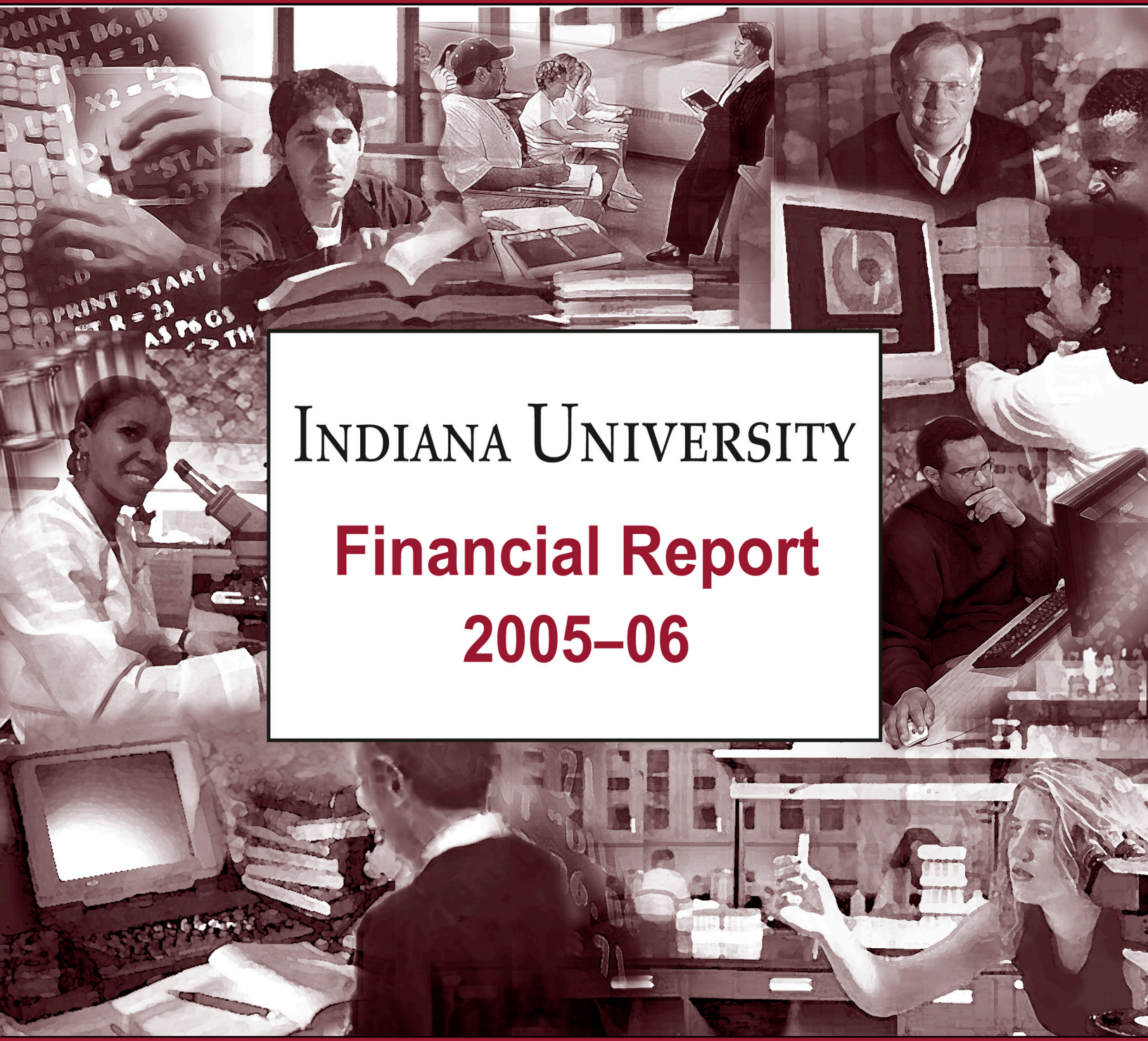
Judith G. Palmer, Vice President and Chief Financial Officer
Kathleen McNeely, Assistant Vice President/Executive Director
Financial Management Services
MaryFrances McCourt, Treasurer
James P. Becker, Director, Contract and Grant Administration
Jan Young, Manager, Contract and Grant Administration
James Kennedy, Director of Financial Aid
Steve Morris, Director Financial Aid Compliance
Terry Radke, Director, Internal Audit
Jerry Chambers, Internal Audit Manager, Internal Audit
Donna Stroup, Internal Audit Manager, Internal Audit

By teleconference:

Camy Harrison, Director Campus Budget and Financial Operations
Rebecca Porter, Associate Vice Chancellor/Executive Director
Enrollment Services

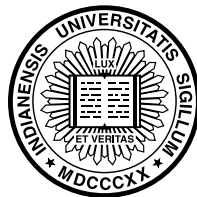
State Board of Accounts Representatives:

Jan Correll, College and University Audit Supervisor
Martha Rutherford, Auditor in Charge
Mary M. Holmes, Field Examiner



INDIANA UNIVERSITY
Financial Report
2005-06

INDIANA UNIVERSITY



Financial Report 2005-06

INDIANA UNIVERSITY

Financial Report 2005–06

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Message from the President



Adam W. Herbert
President, Indiana University

The Honorable Mitchell Daniels, Jr.
Governor, State of Indiana
State House
Indianapolis, IN 46204

Dear Governor Daniels:

On behalf of the Trustees of Indiana University, it is an honor to present IU's 2005-2006 Financial Report.

This report describes how Indiana University is utilizing the resources entrusted to us to Advance Indiana. We do so by educating the state's citizens, improving their health and quality of life, pushing forward the frontiers of knowledge in a wide range of fields and by producing the intellectual capital that will help to build a 21st-century, knowledge-based economy in Indiana.

The 2005-06 academic year was characterized by a number of significant accomplishments and

milestones. Several are particularly worthy of note.

In 2005-06, *Newsweek* magazine named IU the Hottest Big Ten School in the United States. We acquired the nation's fastest and most powerful university-owned computer. More than 100 of our academic programs continue to rank in the top 20 nationally. We ranked second in the Big Ten, second among publics, ninth among all colleges and universities in support from the private sector.

We also completed our Mission Differentiation project. This initiative establishes clarity of identity and mission for each of our campuses and for the university as a whole. Our Mission Differentiation project ensures that the workforce preparation and economic development needs of the region served by each of our campuses are being addressed.



Specifically, the initiative:

- Aligns campuses with regional needs and strengths;
- Establishes a foundation for data-driven, performance-based accountability;
- Sets mission-consistent standards for admissions, graduate programs, the establishment of educational centers and the consideration of residential facilities;
- Creates stronger “vertical” alignment with K-12, community colleges, and economic development.

Educational Mission

For nearly two centuries, IU’s primary mission has been to provide high quality, accessible education to the state’s citizens.

Indiana University is strongly committed to creating the educated workforce that will support a 21st-century, knowledge-based economy. We are fulfilling that obligation very well. More than half of our 490,000 alumni live and work in Indiana. Over the last 10 years, IU has conferred:

- 36% of the state’s bachelor’s degrees,
- 42% of master’s degrees,
- 56% of professional doctoral degrees,
- 40% of academic doctoral degrees.



IU also is the main producer of degree holders in areas of greatest importance to the state’s future. IU confers:

- 67% of the state’s degrees in human services and public administration;
- 47% of the state’s bachelor’s, master’s and doctorates in education;
- 41% of the state’s degrees in communication and information technologies;
- 43% of the state’s degrees in health and life sciences.

In fact, IU is the leading producer of graduates in all but one of the

Top Ten “Hot Jobs” in Indiana.

In 2005-06, we made significant progress in streamlining transfer of credits for both external and IU inter-campus transfer students. This includes the development of new articulation agreements with Ivy Tech campuses. IU now leads the state in articulation agreements with Indiana’s two-year institutions. In fact, in the fall of 2006, we welcomed the largest transfer class in IU’s history. In all that we do, IU is committed to academic excellence, educational access, articulation, and affordability.



Advancing the Frontiers of Knowledge

During the 2006 fiscal year IU faculty attracted a record \$421 million in sponsored research dollars. This is more than all of the state's other public and private, four-year and two-year colleges and universities combined. Over the last two years, IU has generated nearly \$900 million dollars in external research funding.

IU's economic development agenda is to foster the creation of new companies growing out of basic and applied faculty research. IU faculty and staff are moving their work from the research bench to the marketplace as never before.

Substantial gains in commercialization of intellectual property (technology transfer) have been achieved since fiscal year 2000-01. IU's licensing income has increased from \$4.01 million to

\$6.3 million. That is more than all the other higher education institutions in the state combined.

Since its inception in 1997, the IURTC has reported a total of 1,318 invention disclosures. Intellectual property produced by IU faculty members translates into new jobs and growing businesses. One such business, the Haelan Group, has developed an innovative software that helps companies reduce healthcare costs. In an effort to cut its healthcare costs, the state of Indiana just signed a contract with the company mentioned above. Another company, CS Keys, is based on a a new diagnostic tool that will detect breast cancer before a tumor grows.

Life Sciences: The New Hoosier Frontier

In the 2005-06 academic year, IU also developed the Life Sciences



Strategic Plan. Ours is a bold and very ambitious agenda that aligns IU's research strengths and significant record of achievement in the life sciences with the state's assets and economic development priorities. The plan is designed to establish Indiana as one of the nation's hubs of the burgeoning life sciences industry. IU has the critical mass of talent, strategic vision and leadership necessary to execute this agenda. Our plan will have a truly transformative effect on Indiana's economy.



If funded, by 2019 the plan will:

- Bring \$2.4 billion in research dollars to Indiana,
- Stimulate 14,000 jobs,
- Develop at least 100 new companies.

Our plan for making Indiana one of the national hubs of the life sciences industry also includes K-12 interventions which will assure that the next generation of knowledge workers will have the math, science and technology skills necessary to support the new, 21st-century Hoosier economy.

We project that by 2019, when the initiative has been fully implemented, employees in new jobs created by the initiative will pay \$130 to \$160 million in new state and local taxes.

Stewardship of Public Resources

In addition to contributing to the state's economic welfare, we take our role as good stewards of the state's resources very seriously. We have achieved \$35 million in bond refinancing savings since 1991, with \$24 million accruing to the state.

We have managed to control rising healthcare costs. The actual costs of our employee healthcare plans are lower than those of our Big Ten peers and other higher education institutions in Indiana.

We have been able to achieve these savings through very aggressive negotiations and by taking advantage of the many resources at the IU School of Medicine.

To control other administrative costs, we have engaged in purchasing consortia, expanded outsourcing, redirected funds to high priority areas of strategic significances and significantly reduced energy consumption and costs.

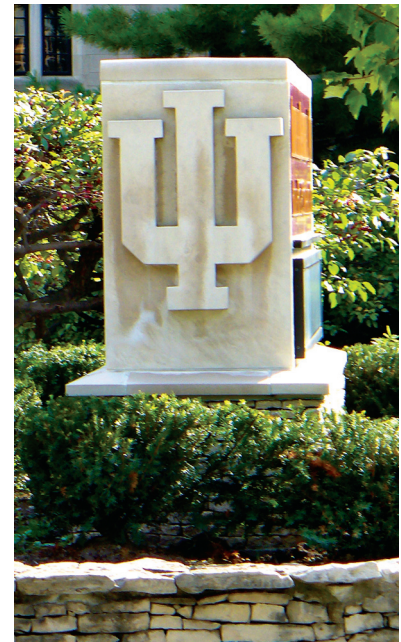
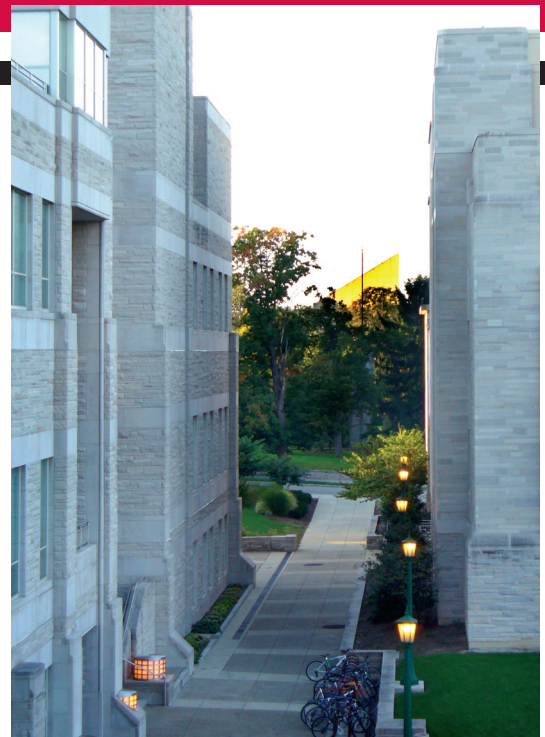
Conclusion

This financial report demonstrates that Indiana University continues to regard the funding it receives as a public trust. Whether its resources are derived from state appropriations, student fees, donor contributions, grants or contracts, IU is committed to utilizing them in ways that reflect the high expectations of those we serve.

Sincerely,



Adam W. Herbert
President



Message from the Vice President and Chief Financial Officer



Judith G. Palmer
Vice President and
Chief Financial Officer,
Indiana University

Greetings to President Adam W. Herbert and Trustees of Indiana University:

It is with pleasure that I present the Indiana University Financial Report for the fiscal year ended June 30, 2006. The financial statements have been prepared in accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) principles. The accompanying Notes to the Financial Statements and the Management Discussion and Analysis are integral parts of the financial statements.

The statements are intended to provide a summary of the flow of the economic resources of the university during the fiscal year covering the period of July 1, 2005 through June 30, 2006. The statements report the university's financial position at June 30, 2006, with comparative data from the previous fiscal year. In addition, in compliance with GASB 39, financial results of the Indiana University Foundation have been incorporated in the financial report as a component unit of the university.

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

appears immediately following the Notes to the Financial Statements.

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



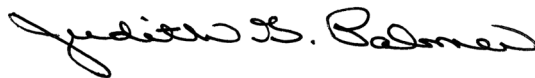
reflecting sound and careful fiscal management across the institution. The institution had an increase in the net assets of nearly \$123 million or a 6.5% increase for the fiscal year ending June 30, 2006. This represents positive financial performance, especially considering the difficult economic situation which confronted Hoosier citizens and the State of Indiana, including public higher education institutions.

In keeping with the institution's commitment to excellence in financial management, the university continues to implement best practices in numerous areas of its operations. With accountability an increasingly important cornerstone of American institutions of higher learning, IU has added new mortar to its fiscal management infrastructure with the university-wide implementation of a campus-based financial certification process. A policy on certification of financial information by schools and administrative units was implemented on July 1, 2006 and will require designated units within the university to verify—to the best of their leaders' knowledge and beliefs—that each unit's financial information

fairly represents the financial status of that particular entity. Further evidence of IU's excellence in the fiscal area is the lead role that IU is playing, both functionally and technologically, with the development of the Kuali Project, which is an open source software initiative for higher education financial systems.

On behalf of all those responsible for the fiscal stewardship of Indiana University's resources, I respectfully submit the Indiana University Financial Report for the fiscal year ending June 30, 2006.

Sincerely,



Judith G. Palmer
Vice President and Chief
Financial Officer



Management's Discussion and Analysis

Indiana University (university) presents its audited financial statements for the fiscal year ending June 30, 2006 along with comparative data for the fiscal years ending June 30, 2005 and 2004. Three statements are described in the following discussion and analysis: The Statement of Net Assets, which presents the assets, liabilities, and net assets of the university at the end of the fiscal year; the Statement of Revenues, Expenses, and Changes in Net Assets, which reflects revenues and expenses for the fiscal year; and the Statement of Cash Flows, which provides information on cash inflows and outflows for the university by major category during the fiscal year. Analysis is provided for major variances which occurred between fiscal years 2005 and 2006. Information regarding capital asset and debt administration, as well as an economic outlook, are also provided.

STATEMENT OF NET ASSETS

Total assets at June 30, 2006 were \$3.25 billion, an increase of \$202.2 million over the prior fiscal year. Net capital

assets comprised \$1.84 billion of the \$3.25 billion in assets.

Total liabilities were \$1.24 billion at June 30, 2006, which was a \$79.4 million increase since June 30, 2005. Noncurrent liabilities comprised 59.5%, or \$737.4 million, of total liabilities at June 30, 2006.

Total net assets at June 30, 2006 were \$2.02 billion, a \$122.8 million increase over the prior year, or a 6.5% increase in net assets. The breakout of net assets is shown below for the last three years:

Comparative Statement of Net Assets

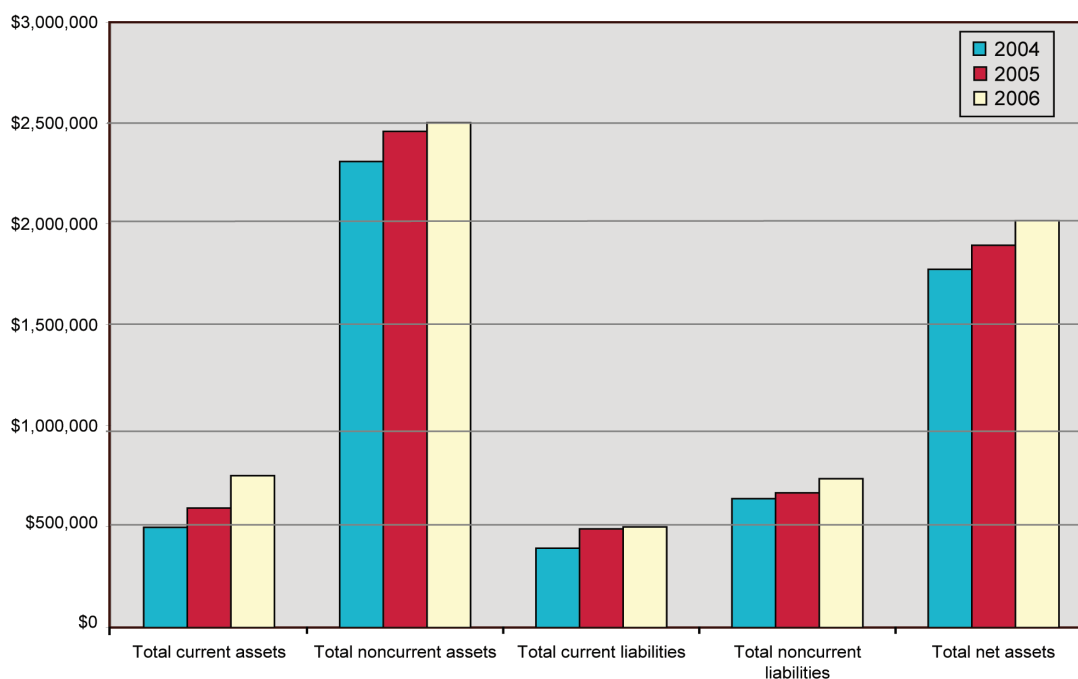
(in thousands of dollars)

| | June 30, 2006 | June 30, 2005 | June 30, 2004 |
|-------------------------------------|--------------------|--------------------|--------------------|
| Capital assets, net of related debt | \$1,259,567 | \$1,205,240 | \$1,168,783 |
| Restricted net assets | 191,247 | 169,131 | 156,674 |
| Unrestricted net assets | 566,671 | 520,294 | 450,066 |
| Total net assets | \$2,017,485 | \$1,894,665 | \$1,775,523 |

The composition of assets and liabilities, both current and noncurrent, and net assets is displayed below at June 30, 2004, 2005 and 2006:

Comparison of Statement of Net Assets 2004, 2005 and 2006

(in thousands of dollars)



STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Comparative Revenues, Expenses, and Changes in Net Assets

(in thousands of dollars)

| | Fiscal Year Ended: | | |
|-------------------------------|--------------------|-------------------|-------------------|
| | June 30, 2006 | June 30, 2005 | June 30, 2004 |
| Operating revenues | \$1,624,947 | \$1,546,123 | \$1,494,120 |
| Operating expenses | (2,128,006) | (2,048,464) | (1,971,837) |
| Total operating loss | (503,059) | (502,341) | (477,717) |
| Nonoperating revenues | 638,143 | 634,367 | 597,847 |
| Nonoperating expenses | (33,398) | (29,658) | (23,521) |
| Total other revenues | 21,134 | 16,774 | 17,859 |
| Increase in net assets | \$ 122,820 | \$ 119,142 | \$ 114,468 |

Revenues

University operating revenues for fiscal year ended June 30, 2006 increased by 5.1% over the previous fiscal year. The changes in revenues are as follows:

- Student fee revenues, net of scholarship allowances, were \$644.5 million in 2006 compared to \$600.3 million in 2005, an overall increase of 7.3%. This increase was due to a combination of increased student fee rates and enrollment growth. Student fees were \$558.5 million in 2004.
- Federal grants and contracts were \$306.2 million in 2006, an increase of 1.8% over the previous fiscal year. This category of revenue includes funds received from the government for financial aid as well as sponsored research, training, and other sponsored activities revenue.
- \$18.9 million in state and local grants and contracts were received for the fiscal year, compared to \$20.6 million in 2005.
- Nongovernmental grants and contracts were \$113.4 million, an increase of \$19.6 million over the previous fiscal year.
- Sales and services of educational units increased from \$46.9 million to \$48.2 million. This was a 2.8% increase

from 2005, which reversed the trend between 2004 and 2005 when this revenue category experienced a decrease of 13.8%.

- Other operating revenue of \$173.1 million was an increase of less than 1% over the previous fiscal year of \$171.8 million. This includes revenue to the School of Medicine from private practice plans and hospital agreements. Between 2004 and 2005 other operating revenue experienced a 6.6% increase.
- Auxiliary enterprises also reversed a trend in 2006 when total revenue experienced a \$8.4 million or 2.7% increase. Revenue in this category for 2004 and 2005 was respectively \$315.6 million and \$312.1 million.

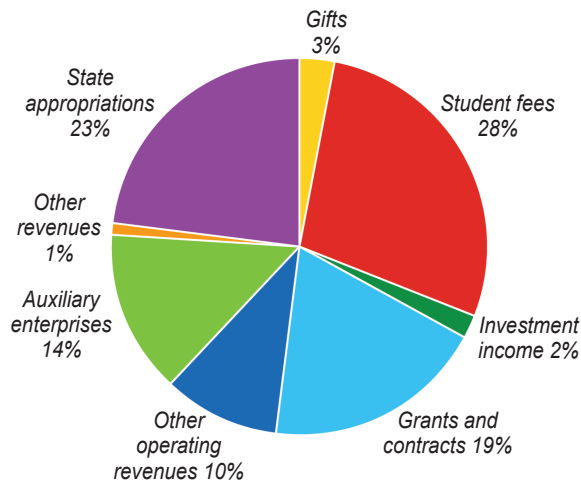
Total nonoperating revenues were up less than 1% from \$634.4 million for fiscal year ended June 30, 2005 to \$638.1 million for fiscal year ended June 30, 2006 and includes the following:

- State appropriations, the largest single source of nonoperating revenue for the university, decreased from \$530.6 million in 2005 to \$528.6 million in 2006. In 2004 state appropriations were \$516.5 million.
- Investment income increased 3.4%, from \$46.7 million for fiscal year ended June 30, 2005, to \$48.3 million for fiscal year ended June 30, 2006. Between fiscal years 2004 and 2005 this category had significant recovery with an increase of 55.1%.
- Gift revenues increased 7.4% to \$61.3 million, or \$4.2 million over the previous fiscal year. Gift revenue was \$57.1 million in 2005 and \$51.3 million in 2004.

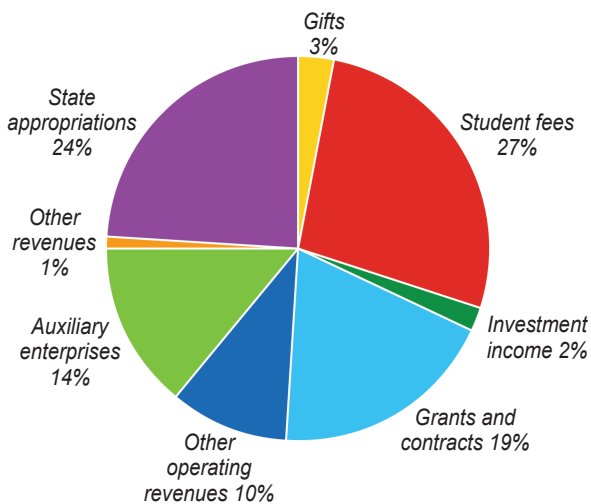
Other revenues included capital appropriations of \$2.5 million; capital gifts and grants of \$17 million, which was a \$4.4 million increase from 2005; and additions to permanent endowments of \$1.7 million.

In summary, total revenues of the university increased \$87 million to \$2.3 billion, an overall increase of 4%. Comparably, 2005 total revenue increase was 4.1% and the 2004 increase was 4.8%. The composition of the 2006 and 2005 revenues is displayed in the graphs below:

Total Revenues 2006



Total Revenues 2005



Expenses

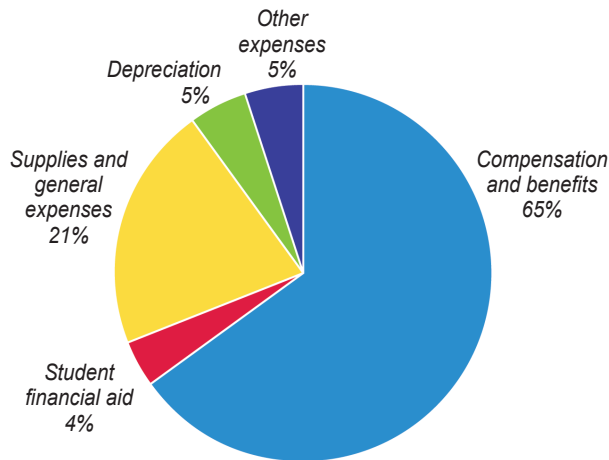
Operating expenses were \$2.13 billion for fiscal year ended June 30, 2006. This was an increase over the previous fiscal year of \$79.5 million, or 3.9%. Changes in the major categories of expenses are as follows:

- Total compensation is comprised of academic and staff salaries, hourly compensation, and benefits. This category increased by 3.8% for the fiscal year, from \$1.33 billion to \$1.38 billion. Benefit expenses influenced the increase in this category with a 4.8% increase over the prior year. Fiscal year ended 2004 had \$1.28 billion in compensation and benefits.
- Student financial aid increased from \$86.2 million to \$93.4 million. This was an 8.4% increase over the previous fiscal year. There was a 1.1% increase experienced between 2004 and 2005.
- Energy and utilities had an increase of 13.5%, from \$44.3 million in 2005 to \$50.3 million in 2006. This was the second consecutive year the university experienced an above average increase in energy and utilities. Last year's increase was 7.8% with the 2004 expense at \$41.1 million.
- Travel expenses increased 8.1% in 2006, from \$30.9 million to \$33.4 million. Between 2004 and 2005 the university experienced a 2% increase in travel expenses.
- Supplies and general expense increased by 2.6% in 2006, from \$449.4 million to \$461.3 million. The 2004 expense for this category was \$432.8 million.
- Depreciation expense of \$109.2 million is \$4.5 million more than in 2005.

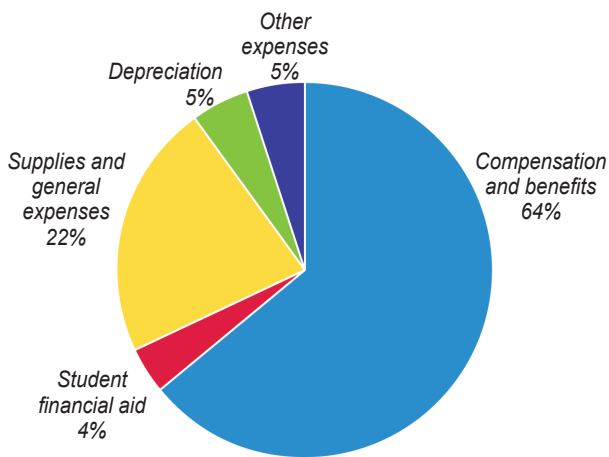
Nonoperating expense (interest expense) increased by 12.5% between 2005 and 2006 from \$29.7 million to \$33.4 million.

The composition of total expenses, including operating and nonoperating, are displayed below by major categories:

Total Expenses 2006



Total Expenses 2005



Gifts

Major gifts were received during the year through the Indiana University Foundation (IU Foundation), a separate not-for-profit organization whose primary mission is to raise funds for the university. Major capital projects that benefited from the IU Foundation’s fundraising efforts included \$4.5 million for the new Medical Information Science Buildings projected for occupancy in 2007 and \$1.4 million for the Eskenazi Hall renovations for the Herron School of Art and Design.

Net Assets

Income before other revenues, expenses, gains, or losses is \$101.7 million and \$102.4 million for fiscal year 2006 and 2005, respectively. This represents a decrease of 0.7%. Between 2004 and 2005 this amount increased by 6%.

Net assets increased by \$122.8 million over the previous fiscal year. Total net assets were \$2.02 billion, compared to net assets at June 30, 2005 of \$1.89 billion. This was a 6.9% increase in net assets. Comparatively, net assets increased 6.7% between 2004 and 2005.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides a means to assess the financial health of an institution by providing relevant information about the cash receipts and cash payments of an entity during a certain period. It assists the user in determining whether an entity has the ability to generate future net cash flows to meet its obligations as they become due, and to determine the need for external financing.

Cash Flows for the Period

(in thousands of dollars)

| | Fiscal Year Ended: | | |
|--|--------------------|---------------|---------------|
| | June 30, 2006 | June 30, 2005 | June 30, 2004 |
| Net cash provided (used) by: | | | |
| Operating activities | (\$409,897) | (\$329,305) | (\$370,905) |
| Noncapital financing activities | 588,774 | 588,561 | 572,555 |
| Capital and related financing activities | (101,763) | (145,675) | (260,805) |
| Investing activities | 75,513 | (10,761) | (81,116) |
| Net increase (decrease) in cash | 152,627 | 102,820 | (140,271) |
| Beginning cash and cash equivalents | 324,049 | 221,229 | 361,500 |
| Ending cash and cash equivalents | \$476,676 | \$324,049 | \$221,229 |

Cash used by operating activities increased by \$80.6 million. The use of cash was impacted by a \$48.1 million increase from the previous year in payments to employees and a \$6.2 million increase in payments for financial aid. These increases in cash outlays were offset by a \$20.1 million increase in student fees and a \$8.2 million increase in other auxiliary enterprise receipts. Contract and grant receipts were significantly down in this category from the previous year by \$54.3 million.

Noncapital financing activities increased \$213 thousand. Gifts and grants received for other than capital purposes increased 5%. State appropriations comprise the largest component of this category with level cash flows across the two years.

Cash flows from capital and related debt increased by \$43.9 million. The primary driver of this change was an increase in the proceeds from issuance of capital debt of \$80.4 million. Cash used to reduce capital debt decreased by \$10.7 million and the purchase of capital assets increased by \$23.8 million.

Investing activities cash flow increased \$86.3 million, impacted by a change in concentration of investments from noncurrent to cash and cash equivalents.

Cash flow for the 2007 fiscal year will be affected by increased tuition rates, which were kept at 4.9% for all seven campuses. The university plans to issue bonds during fiscal year 2007 for approximately \$100 million, of which \$55 million will be used to refund tax exempt commercial paper.

CAPITAL ASSET AND DEBT ADMINISTRATION

The university made significant investments in capital during fiscal year 2006 (see Note 7). New facilities were funded by bond issues, renewal and replacement reserves, and gifts. The more significant facilities that came on line this year are as follows:

- The University Place Hotel on the IUPUI campus was purchased in the fall of 2005 for a cost of \$30.8 million, including renovations which were finished in March 2006. The transformation included a complete renovation of the hotel's 278 guestrooms, remodeling of the property's three restaurants, a new roof, replacement of all windows and the redesign of some of the space used for special events and banquets. The American Automobile Association (AAA) gave the hotel a four diamond rating.

University Place Hotel, IUPUI





Ernestine Raclin and O.C. Carmichael Hall, South Bend

- The Ernestine Raclin and O.C. Carmichael Hall is an Indiana University School of Medicine facility located on the Notre Dame campus in South Bend. The facility was occupied in September 2005 and covers 67,800 gross square feet at a total cost of \$17.5 million. The facility will house the Indiana University School of Medicine-South Bend and the University of Notre Dame W.M. Keck Center for Transgene Research. Faculty offices, research facilities, student academic spaces, and a 250-seat auditorium will occupy the first floor. The second floor is comprised of research labs and administrative space for the Transgene Research Center.
- The Dunes Center for Professional Education/Medical Education Building on the Northwest campus was occupied in June 2006 at a cost of \$26 million. The facility houses laboratories, offices, clinical space for Allied Health, Nursing, Medical Education and general purpose classrooms. The facility has over 136,175 gross square feet.

Several facilities are being planned and designed that will further enhance the mission of the university.

- The Main Library on the Bloomington campus has been renamed the Herman B Wells Library. A renovation of the library facility will include transforming

the south entrance, adding an auditorium classroom and upgrading the infrastructure. Although an exact dollar amount for the project has not been established, the university has already allocated more than \$11.8 million from campus and private sources for the renovation. A completion date has not been established.

- A new Cyber Infrastructure Building will be approximately 169,190 gross square feet. The facility located on the Bloomington campus will include programs of the Office of the Vice President of IT and University Information Technology Services, and The Indiana Pervasive Technology Labs. In addition, campus and university-wide technology support groups and a variety of training and conference facilities, including a 200-seat auditorium, will be housed in the facility. A completion date is yet to be determined.
- Multidisciplinary Science Building – Phase II is estimated for completion in the summer of 2009. This five-story facility will provide approximately 130,000 gross square feet. The building will provide space for IU Bloomington neuroscientists, biogeochemists, environmental scientists and other researchers whose work crosses the boundaries separating scientific fields.

On December 14, 2005, the university issued Indiana University Tax-Exempt Commercial Paper Notes, Series 2005, in the amount of \$55,000,000. Commercial paper notes are issued by the university from time to time to provide for the temporary financing or refinancing of costs related to certain facilities on all of the Indiana University campuses, including costs of issuance of the notes.

On June 20, 2006, the university issued Indiana University Student Fee Bonds Series Q in the amount of \$32,895,000. The purpose of the bonds was to provide funds to finance a portion of the costs of the acquisition, construction, and equipping of a new medical research facility, known as Research Institute III on the IUPUI campus and to pay for costs related to the bond issuance.

On June 20, 2006, the university issued Indiana University Student Fee Bonds Series R in the amount of \$129,150,000. The proceeds from the bonds will be used to finance a portion of the costs of the acquisition, construction, and equipping of the new Campus Center on the IUPUI

campus and a renovation to the central heating plant on the Bloomington campus. In addition, the funds were used for the refunding of certain outstanding Indiana University Fee Bonds, and to pay for costs related to the bond issuance.

The university's rating on bond debt obligations was last reviewed and updated in 2006. Moody's Investors Service reaffirmed a rating of 'Aa2' on May 20, 2006. Standard & Poor's rating of 'AA' was also reaffirmed on June 5, 2006. Tax-exempt commercial paper notes also continue to carry ratings of P-2 from Moody's dated May 20, 2006 and F1+ from Fitch Ratings dated December 8, 2005.

ECONOMIC OUTLOOK

The State of Indiana provides approximately 25% of Indiana University's total financial resources during a fiscal year. The state continued its fiscal recovery during fiscal year 2006. Actual revenue collections exceeded forecast by \$348 million, or 3%. In addition, the state collected nearly \$250 million in one-time revenue from a special tax amnesty program. Due to spending constraints and the positive revenue experience, the state has been able to bring its spending in line with revenues.

The State of Indiana's 2001-03 Appropriation Act, HEA 1001, enacted by the 2001 Indiana (regular session) General Assembly and signed into law by the governor, gave authority to the State Budget Agency to distribute eleven-twelfths of the budgeted amount for the 2002 fiscal year state appropriation for all higher education institutions in the State of Indiana. Additional language to this act allowed this deferral to be carried forward to fiscal years 2003 and 2004. The State Budget Agency exercised the postponement of a payment in fiscal years 2003 and 2004. Biennial budgets enacted in 2003 and 2005 and approved by the governor also included language permitting the deferral of state appropriations to be carried forward through fiscal year 2007. For Indiana University, this amount was \$38.4 million in cash that was not received for the twelfth payment. Further action was taken by the general assembly in an amendment to HEA1134 in 2006 to reduce the accrued payment delay balance for state educational institutions and to appropriate this same



Dunes Center for Professional Education/Medical Education Building, IU Northwest



Herman B Wells Library and Arboretum, IU Bloomington

amount for each school for use for general repair and rehabilitation. Under the act, the amount appropriated shall be treated as reducing any claim that the total system of the state educational institution has to one-twelfth (1/12) of the amount previously budgeted for the state educational institutions. The amount of the appropriation for Indiana University is \$15.7 million and is to be used for repair and rehabilitation.

The university is not aware of any additional facts, decisions, or conditions that are expected to have significant effect on the financial position or results of operations during the next fiscal year beyond those unknown factors having a global effect on virtually all types of business operations.

Overall, the financial position of the university continues to be strong. Student enrollment for the university is projected to remain strong during the 2006-07 academic year.



Herman B Wells Library, IU Bloomington

Indiana University Statement of Net Assets

(in thousands of dollars)

| | June 30, 2006 | June 30, 2005 |
|---|---------------------------|---------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 476,676 | \$ 324,049 |
| Accounts receivable, net | 125,351 | 112,440 |
| Current portion of notes and pledges receivable | 9,734 | 11,984 |
| Inventories | 17,069 | 17,324 |
| Short-term investments | 16,126 | 26,878 |
| Securities lending assets | 93,549 | 87,701 |
| Other assets | 13,893 | 12,228 |
| Total current assets | <u>752,398</u> | <u>592,604</u> |
| Noncurrent assets | | |
| Accounts receivable | 24,147 | 39,813 |
| Notes and pledges receivable | 69,655 | 65,494 |
| Investments | 568,052 | 584,227 |
| Capital assets, net | 1,839,660 | 1,769,561 |
| Total noncurrent assets | <u>2,501,514</u> | <u>2,459,095</u> |
| Total assets | <u><u>3,253,912</u></u> | <u><u>3,051,699</u></u> |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 198,794 | 185,614 |
| Deferred revenue | 167,887 | 180,467 |
| Current portion of capital lease obligations | 1,526 | 1,778 |
| Current portion of long-term debt | 37,224 | 33,410 |
| Securities lending liabilities | 93,549 | 87,701 |
| Total current liabilities | <u>498,980</u> | <u>488,970</u> |
| Noncurrent liabilities | | |
| Capital lease obligations | 10,781 | 31,041 |
| Notes payable | 56,449 | 1,602 |
| Assets held in custody for others | 36,631 | 36,141 |
| Deferred revenue | 44,071 | 58,977 |
| Bonds payable | 578,391 | 531,147 |
| Other long-term liabilities | 11,124 | 9,156 |
| Total noncurrent liabilities | <u>737,447</u> | <u>668,064</u> |
| Total liabilities | <u><u>1,236,427</u></u> | <u><u>1,157,034</u></u> |
| NET ASSETS | | |
| Invested in capital assets, net of related debt | 1,259,567 | 1,205,240 |
| Restricted for: | | |
| Nonexpendable - endowments | 64,991 | 59,977 |
| Expendable | | |
| Scholarships, research, instruction and other | 67,490 | 61,035 |
| Loans | 20,221 | 18,560 |
| Capital projects | 15,175 | 4,435 |
| Debt service | 23,370 | 25,124 |
| Unrestricted | 566,671 | 520,294 |
| Total net assets | <u><u>2,017,485</u></u> | <u><u>1,894,665</u></u> |
| Total liabilities and net assets | <u><u>\$3,253,912</u></u> | <u><u>\$3,051,699</u></u> |

See accompanying notes to the financial statements.

**Indiana University Foundation
Statement of Financial Position
As of June 30, 2006**

| Assets: | Unrestricted | | Temporarily Restricted | | Permanently Restricted | | Total |
|--|-----------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|-------------------------|
| | Foundation | Agency | Foundation | University | Foundation | University | |
| Cash and cash equivalents | \$ - | \$ 5,452,298 | \$ 37,528 | \$ 55,136,284 | \$ - | \$ - | \$ 60,626,110 |
| Collateral under securities lending agreement | 7,091,613 | 22,648,796 | 549,896 | 74,077,737 | 2,623,726 | 62,515,236 | 169,507,004 |
| Receivables and other assets | 5,612,730 | 365,900 | 10,522 | 4,655,212 | 49,753 | 5,373,264 | 16,067,381 |
| Net investment in direct financing leases | 9,713,038 | - | - | - | - | - | 9,713,038 |
| Promises to give, net | 42,105 | - | 1,982,086 | 31,782,002 | 1,018,740 | 46,707,350 | 81,532,283 |
| Investments | 56,539,981 | 177,106,736 | 4,300,021 | 592,914,786 | 20,516,742 | 487,194,282 | 1,338,572,548 |
| Property, plant and equipment, net | 47,627,917 | - | - | - | - | - | 47,627,917 |
| Total assets | \$ 126,627,384 | \$ 205,573,730 | \$ 6,880,053 | \$ 758,566,021 | \$ 24,208,961 | \$ 601,790,132 | \$ 1,723,646,281 |
| Liabilities and net assets: | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable and other | \$ 4,540,639 | \$ 2,877,701 | \$ 18,686 | \$ 6,600,420 | \$ 387,313 | \$ 11,606,260 | \$ 26,031,019 |
| Payable under securities lending agreement | 7,091,613 | 22,648,796 | 549,896 | 74,077,737 | 2,623,726 | 62,515,236 | 169,507,004 |
| Debt | 23,332,774 | - | - | - | - | 58,083 | 23,390,857 |
| Accrued trust obligation to life beneficiaries | 38,121 | - | 3,129,245 | 6,826,996 | 457,963 | 19,924,008 | 30,376,333 |
| Due to (from) | 58,797,562 | - | - | (60,166,428) | 1,434 | 1,367,432 | - |
| Interfund financing | (9,396,121) | - | - | 9,396,121 | - | - | - |
| Assets held for the University | - | 165,960,236 | - | - | - | - | 165,960,236 |
| Assets held for University affiliates | - | 14,086,997 | - | - | - | - | 14,086,997 |
| Total liabilities | 84,404,588 | 205,573,730 | 3,697,827 | 36,734,846 | 3,470,436 | 95,471,019 | 429,352,446 |
| Net assets | 42,222,796 | - | 3,182,226 | 721,831,175 | 20,738,525 | 506,319,113 | 1,294,293,835 |
| Total liabilities and net assets | \$ 126,627,384 | \$ 205,573,730 | \$ 6,880,053 | \$ 758,566,021 | \$ 24,208,961 | \$ 601,790,132 | \$ 1,723,646,281 |

Indiana University

Statement of Revenues, Expenses, and Changes in Net Assets

(in thousands of dollars)

| | <i>Fiscal Year Ended</i> | |
|--|---------------------------|---------------------------|
| | <i>June 30, 2006</i> | <i>June 30, 2005</i> |
| OPERATING REVENUES | | |
| Student fees | \$ 730,113 | \$ 680,045 |
| Less scholarship allowance | (85,566) | (79,785) |
| Federal grants and contracts | 306,219 | 300,711 |
| State and local grants and contracts | 18,945 | 20,627 |
| Nongovernmental grants and contracts | 113,378 | 93,742 |
| Sales and services of educational units | 48,226 | 46,854 |
| Other revenue | 173,112 | 171,819 |
| Auxiliary enterprises (net of scholarship allowance of \$11,237 in 2006 and \$10,451 in 2005) | <u>320,520</u> | <u>312,110</u> |
| Total operating revenues | <u>1,624,947</u> | <u>1,546,123</u> |
| OPERATING EXPENSES | | |
| Compensation and benefits | 1,380,420 | 1,332,963 |
| Student financial aid | 93,401 | 86,195 |
| Energy and utilities | 50,334 | 44,295 |
| Travel | 33,373 | 30,903 |
| Supplies and general expense | 461,254 | 449,408 |
| Depreciation and amortization expense | <u>109,224</u> | <u>104,700</u> |
| Total operating expenses | <u>2,128,006</u> | <u>2,048,464</u> |
| Total operating loss | <u>(503,059)</u> | <u>(502,341)</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| State appropriations | 528,615 | 530,565 |
| Investment income | 48,257 | 46,730 |
| Gifts | 61,271 | 57,072 |
| Interest expense | <u>(33,398)</u> | <u>(29,658)</u> |
| Net nonoperating revenues | <u>604,745</u> | <u>604,709</u> |
| Income before other revenues, expenses, gains, or losses | 101,686 | 102,368 |
| Capital appropriations | 2,471 | 2,617 |
| Capital gifts and grants | 17,008 | 12,614 |
| Additions to permanent endowments | <u>1,655</u> | <u>1,543</u> |
| Total other revenues | <u>21,134</u> | <u>16,774</u> |
| Increase in net assets | 122,820 | 119,142 |
| Net assets, beginning of year | <u>1,894,665</u> | <u>1,775,523</u> |
| Net assets, end of year | <u>\$2,017,485</u> | <u>\$1,894,665</u> |

See accompanying notes to the financial statements.

**Indiana University Foundation
Statement of Activities
Year Ended June 30, 2006**

| | Unrestricted | Temporarily Restricted | | Permanently Restricted | | Total |
|---|---------------|------------------------|----------------|------------------------|----------------|------------------|
| | | Foundation | University | Foundation | University | |
| Revenue and support: | | | | | | |
| Contributions, net | \$ 1,306,161 | \$ 2,125,511 | \$ 58,389,676 | \$ 12,837 | \$ 59,766,849 | \$ 121,601,034 |
| Investment income including net gains (losses), net of outside investment management fees | 12,570,996 | - | 109,910,179 | (121,452) | 77,954 | 122,437,677 |
| Management/administrative fees | 11,617,439 | - | (9,545,928) | - | - | 2,071,511 |
| Grants | - | - | 3,501,058 | - | - | 3,501,058 |
| Other income | 8,547,216 | - | 4,594,137 | - | 597,362 | 13,738,715 |
| Development service fees from the University | 4,505,444 | - | - | - | - | 4,505,444 |
| Net assets released from restriction | 79,209,448 | (13,347) | (79,452,191) | (587,300) | 843,390 | - |
| Total revenue and support | 117,756,704 | 2,112,164 | 87,396,931 | (695,915) | 61,285,555 | 267,855,439 |
| Expenditures: | | | | | | |
| Program expenditures | 91,173,540 | - | - | - | - | 91,173,540 |
| Management and general | 10,607,180 | 104,320 | 1,545,135 | 212 | 3,124,378 | 15,381,225 |
| Fund raising | 12,099,516 | - | - | - | - | 12,099,516 |
| Change in value of split interest agreement obligation to life beneficiaries | (93,152) | (59,211) | (44,231) | (245,775) | (1,032,700) | (1,475,069) |
| Total expenditures | 113,787,084 | 45,109 | 1,500,904 | (245,563) | 2,091,678 | 117,179,212 |
| Change in net assets: | | | | | | |
| Unrestricted | 3,969,620 | - | - | - | - | 3,969,620 |
| Temporarily restricted | - | 2,067,055 | 85,896,027 | - | - | 87,963,082 |
| Permanently restricted | - | - | - | (450,352) | 59,193,877 | 58,743,525 |
| Total change in net assets | 3,969,620 | 2,067,055 | 85,896,027 | (450,352) | 59,193,877 | 150,676,227 |
| Beginning net assets | 38,253,176 | 1,115,171 | 635,935,148 | 21,188,877 | 447,125,236 | 1,143,617,608 |
| Ending net assets | \$ 42,222,796 | \$ 3,182,226 | \$ 721,831,175 | \$ 20,738,525 | \$ 506,319,113 | \$ 1,294,293,835 |

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

Indiana University Statement of Cash Flows

(in thousands of dollars)

Fiscal Year Ended
June 30, 2006 June 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|--|-------------------------|-------------------------|
| Student fees | \$645,823 | \$625,665 |
| Grants and contracts | 406,362 | 460,623 |
| Sales and services of educational activities | 45,295 | 45,147 |
| Auxiliary enterprise charges | 322,550 | 314,426 |
| Other operating receipts | 170,669 | 171,641 |
| Payments to employees | (1,382,434) | (1,334,359) |
| Payments to suppliers | (522,948) | (526,061) |
| Student financial aid | (94,313) | (88,111) |
| Student loans collected | 16,367 | 15,196 |
| Student loans issued | (17,268) | (13,472) |
| Net cash used in operating activities | <u>(409,897)</u> | <u>(329,305)</u> |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | | |
|---|-----------------------|-----------------------|
| State appropriations | 528,615 | 529,401 |
| Gifts and grants received for other than capital purposes | 60,444 | 57,538 |
| Direct lending receipts | 216,471 | 194,364 |
| Direct lending payments | (216,756) | (192,742) |
| Net cash provided by noncapital financing activities | <u>588,774</u> | <u>588,561</u> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| | | |
|--|-------------------------|-------------------------|
| Capital appropriations | 10,467 | 2,617 |
| Capital grants and gifts received | 12,446 | 4,887 |
| Purchase of capital assets | (168,651) | (144,840) |
| Proceeds from issuance of capital debt, including refunding activity | 141,044 | 60,651 |
| Principal payments on capital debt, including refunding activity | (35,081) | (45,805) |
| Principal paid on capital leases | (27,914) | (2,676) |
| Interest paid on capital debt and leases | (34,074) | (20,509) |
| Net cash used in capital and related financing activities | <u>(101,763)</u> | <u>(145,675)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|---|----------------------|------------------------|
| Proceeds from sales and maturities of investments | 49,761 | 15,843 |
| Investment income | 29,630 | 20,375 |
| Purchase of investments | (3,878) | (46,979) |
| Net cash provided (used) by investing activities | <u>75,513</u> | <u>(10,761)</u> |

Net increase in cash and cash equivalents

152,627 102,820

Cash and cash equivalents, beginning of year

324,049 221,229

Cash and cash equivalents, end of year

\$476,676 \$324,049

See accompanying notes to the financial statements.

Indiana University Statement of Cash Flows

(Continued from previous page)

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:

(in thousands of dollars)

| | <i>Fiscal Year Ended</i> | |
|---|---------------------------|---------------------------|
| | <i>June 30, 2006</i> | <i>June 30, 2005</i> |
| Operating loss | \$(503,059) | \$(502,341) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation and amortization expense | 109,224 | 104,700 |
| Loss on disposal of capital assets | 6,138 | 3,084 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (8,102) | (11,967) |
| Inventories | 255 | (1,576) |
| Other assets | (1,666) | (3,947) |
| Notes receivable | (1,747) | 1,653 |
| Accounts payable and accrued liabilities | 14,089 | 2,702 |
| Deferred revenue | (27,487) | 79,913 |
| Assets held in custody for others | 490 | 970 |
| Other long term liabilities | 1,968 | (2,496) |
| Net cash used in operating activities | <u>\$(409,897)</u> | <u>\$(329,305)</u> |

See accompanying notes to the financial statements.

Note 1—Summary of Significant Accounting Policies

ORGANIZATION: Indiana University (university) is a state-supported institution that is fiscally responsible for operations and has students enrolled on seven campuses. Campuses are located in Bloomington, Indianapolis (IUPUI), Richmond (East), Kokomo, Gary (Northwest), South Bend, and New Albany (Southeast). The financial statements include the individual schools, colleges, and departments as part of the comprehensive reporting entity. The university was established by state legislative act, under Indiana Code Section IC 20-12-23, in 1838, changing the name of its predecessor, Indiana College, to Indiana University. The university's governing body, the Trustees of Indiana University, is comprised of nine members charged by the Indiana General Assembly with policy and decision authority to carry out the programs and missions of the university. Six of the members are appointed by the Governor of Indiana, and three are elected by university alumni. The university is classified as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Certain revenues of the university may be subject to federal income tax as unrelated business income, as defined in section 513 of the Internal Revenue Code. Note 15 describes an organization related to the university, the nature of the relationship and pertinent financial information of the organization.

FINANCIAL STATEMENT PRESENTATION: As a component unit of the state, the university presents its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis— for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements— and Management's Discussion and Analysis— for Public Colleges and Universities*. GASB No. 35 allows public colleges and universities to report as a business-type activity under GASB No. 34 which requires a comprehensive, entity-wide presentation of the university's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows.

BASIS OF ACCOUNTING: The accompanying financial statements have been prepared by the university operating as a special-purpose government entity engaged in business-type activities. Business-type activities are those

that are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, these financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Eliminations have been made to minimize the "double-counting" of internal activities.

The university has the option to apply Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure except for those that conflict with or contradict GASB pronouncements. The university has elected not to apply FASB pronouncements issued after the applicable date.

REPORTING ENTITY: The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, as required by GASB Statement No. 14, *The Financial Reporting Entity*. As additionally required by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, organizations that raise and hold economic resources for the direct benefit of the university are included in the reporting entity. The university evaluates potential component units for inclusion in the reporting entity based on these criteria.

The Indiana University Foundation, Inc. (IU Foundation) is organized as a not-for-profit corporation under the laws of the State of Indiana for the exclusive purpose of supporting the university by receiving, holding, investing, and administering property and making expenditures to or for the benefit of the university. The IU Foundation is considered a component unit of the university according to the criteria in GASB No. 39 and the university's financial statements include discrete presentation of the IU Foundation by displaying the IU Foundation's audited financial statements in their original formats on separate pages.

The IU Foundation is a not-for-profit organization that reports under FASB standards, including FASB Statement

No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the IU Foundation's financial information in the university's financial reporting to adjust for these differences. The IU Foundation distributed \$84,220,046 and \$152,704,165 to the university during fiscal years 2006 and 2005, respectively. Complete financial statements for the IU Foundation can be obtained from: Indiana University Foundation, Attn: Controller, PO Box 500, Bloomington, IN 47402.

CASH EQUIVALENTS: The university considers all highly liquid investments with maturities of three months or less to be cash equivalents. The university invests operating cash in investments with varying maturities. Investment maturities are evaluated as of the financial statement date for purposes of liquidity classification.

INVESTMENTS: Investments are carried at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Unrealized gains and losses are reported as investment income in the Statement of Revenues, Expenses, and Changes in Net Assets.

NOTES AND PLEDGES RECEIVABLE: Notes receivable consist primarily of student loans. A pledge receivable is recorded at the time the pledge is measurable, probable of collection, and all applicable eligibility requirements have been met.

CAPITAL ASSETS: Capital assets are recorded at cost or, for contributed assets, at fair value at the date of acquisition. The university capitalizes equipment with a cost of \$5,000 or more and a useful life in excess of one year. Capital assets also include land improvements and infrastructure costing in excess of \$75,000. Buildings and building renovations that increase the useful life of the building and with cost of the lesser of \$75,000 or twenty percent of the acquisition cost of the existing building are capitalized. Art and museum objects purchased by or donated to the university are capitalized. Depreciation expense is computed using the straight-line method over the estimated useful lives of the respective assets, generally five to twenty years for equipment, ten years for library books, ten to forty years for infrastructure and land improvements, and fifteen to

forty years for buildings and building components. Useful lives for capital assets are established using a combination of the American Hospital Association guidelines, Internal Revenue Service guidelines, and documented university experience. Land and capitalized art and museum collections are not depreciated.

DEFERRED REVENUE: Deferred revenue is recorded for amounts received for student tuition and fees and for certain auxiliary goods and services prior to year end, but which relate to the subsequent fiscal year. Amounts received from contract and grant sponsors that have not yet been earned are also recorded as deferred revenue.

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

NET ASSETS: The university's net assets are classified for financial reporting in the following net asset categories:

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

When an expense is incurred for which both restricted and unrestricted resources are available, the decision

whether to apply restricted or unrestricted resources is a management matter, and the decision is made based on the relevant facts and circumstances.

REVENUES: University revenues are classified as either operating or nonoperating as follows:

- *Operating revenues:* Operating revenues result from exchange transactions, such as student tuition and fees (net of scholarship discounts and allowances), government and other grants and contracts, and sales and services of auxiliary enterprises (net of scholarship discounts and allowances).
- *Nonoperating revenues:* Nonoperating revenues include those derived from nonexchange transactions such as gifts. Other nonoperating revenues include significant revenue sources that are relied upon for operations, such as state appropriations and investment income.

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

RECLASSIFICATIONS: Certain reclassifications have been made within the Operating Revenues section of the 2005 Statement of Revenues, Expenses, and Changes in Net Assets for comparative purposes and do not constitute a restatement of prior periods.

Note 2 – Deposits and Investments

DEPOSITS

The combined bank balances of the university's demand deposits were \$9,900,349 and \$22,023,796 at June 30, 2006 and 2005, respectively. The university had balances in excess of Federal Deposit Insurance Corporation limits in the amount of \$9,618,095 and \$21,699,430 at June 30, 2006 and 2005, respectively. These balances, deposited in approved financial institutions and in excess of the limits

of coverage by federal deposit insurance were covered by the Public Deposit Insurance Fund, created to protect the public funds of the state of Indiana and its political subdivisions. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The university does not have a formal deposit policy for custodial credit risk.

INVESTMENTS

The Trustees of Indiana University (trustees) have acknowledged responsibility as a fiduciary body for the invested assets of the university. Indiana Code 30-4-3.5 *Indiana Uniform Prudent Investor Act* requires the trustees to act "as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust." The code also requires that management decisions be made "in the context of the trust portfolio as a whole and as a part of the overall investment strategy having risk and return objectives reasonably suited to the trust." The trustees have the responsibility to assure the assets are prudently invested in a manner consistent with the university's investment policy. The trustees have delegated the day-to-day responsibilities for overseeing the investment program to the Office of the Treasurer.

ENDOWMENTS

Endowment funds typically have a very long investment horizon, and as appropriate, may be invested in asset classes with longer term risk/return characteristics, including, but not limited to stocks, bonds, real estate, private placements and alternative investments. The Indiana University Endowments (endowments) are managed pursuant to an Investment Agency Agreement between the trustees and the IU Foundation dated September 29, 1989 which delegated investment management responsibilities to the IU Foundation, subject to the university's investment policy. The trustees may, at their discretion, direct all or a portion of the endowment funds to other investments, exclusive of the IU Foundation's investment funds. Endowment assets may be invested in pooled funds or in direct investments, or a combination of the two. Assets will typically be diversified among high quality stocks and bonds. Additional asset classes may be included when it

is reasonable to expect the additional asset class will either increase return or reduce risk, or both. Participation in the pooled investments is achieved by owning units of the Pooled Long-Term Fund and considered an external investment pool to the university. At June 30, 2006, all endowments held with the IU Foundation were invested in pooled funds.

At June 30, 2006 and 2005, the university had investments and deposits, including endowment funds, as shown below:

(in thousands of dollars)

| Investment Type | Fair Value | |
|--|--------------------|------------------|
| | June 30, 2006 | June 30, 2005 |
| Money market funds | \$ 483,147 | \$349,934 |
| External investment pools | 170,818 | 156,162 |
| Corporate bonds | 124,040 | 145,493 |
| Government mortgage-backed securities | 83,130 | 60,718 |
| Asset backed securities | 71,895 | 84,992 |
| Government bonds | 66,675 | 59,319 |
| Commercial mortgage-backed | 25,333 | 19,136 |
| Government agencies | 16,470 | 26,587 |
| Nongovernment backed C.M.O.s | 14,379 | 8,814 |
| Government issued commercial mortgage-backed | 4,370 | 1,637 |
| Index linked government bonds | 3,779 | 5,571 |
| Municipal/provincial bonds | 2,993 | 5,090 |
| Real estate | 2,295 | 4,570 |
| Mutual funds | 1,733 | 1,566 |
| Venture capital | 1,191 | 697 |
| Index linked corporate bonds | - | 174 |
| All other | (11,394) | 4,694 |
| Total | \$1,060,854 | \$935,154 |

INVESTMENT CUSTODIAL RISK

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The university manages custodial credit risk through the types of investments that are allowed by investment policy. The university's investments are not exposed to custodial credit risk and reflect either investment securities registered in the name of the university, investment securities loaned for collateral received, or other types of investments not exposed to custodial credit risk.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The university's policy for controlling its exposure to fair value losses arising from increasing interest rates is to constrain average portfolio duration relative to targets set for each portfolio of operating fund investments. The portfolios will not seek to enhance returns by attempting to time movements of interest rates. The IU Foundation's investment policy stipulates that the Pooled Short-Term Fund is invested in securities that typically mature within one year and the fixed income allocation includes securities with a duration benchmark index of +/- 1.5 years.

The university had investments with the following maturities at June 30, 2006:

(in thousands of dollars)

| Investment Type | Fair Value June 30, 2006 | Investment Maturities (in years) | | | |
|--|-----------------------------|----------------------------------|------------------|------------------|------------------|
| | | Less than 1 | 1-5 | 6-10 | More than 10 |
| <i>Investments with maturity date</i> | | | | | |
| Corporate bonds | \$124,040 | \$12,177 | \$82,395 | \$23,177 | \$6,291 |
| Government mortgage-backed securities | 83,130 | 425 | 4,449 | 37,195 | 41,061 |
| Asset backed securities | 71,894 | 1,538 | 47,115 | 13,346 | 9,895 |
| Government bonds | 66,675 | 562 | 37,075 | 26,607 | 2,431 |
| Commercial mortgage-backed | 25,333 | - | 1,068 | - | 24,265 |
| Government agencies | 16,470 | 1,495 | 9,406 | 3,440 | 2,129 |
| Nongovernment backed C.M.O.s | 14,379 | - | 758 | 287 | 13,334 |
| Government issued commercial mortgage-backed | 4,370 | - | 2,486 | 1,884 | - |
| Index linked government bonds | 3,779 | - | - | 2,052 | 1,727 |
| Municipal/provincial bonds | 2,993 | 1,993 | 1,000 | - | - |
| | 413,063 | 18,190 | 185,752 | 107,988 | 101,133 |
| <i>Investments with undetermined maturity date</i> | | | | | |
| Money market funds | 483,147 | 483,147 | - | - | - |
| External investment pools | 170,818 | 170,818 | - | - | - |
| Real estate | 2,295 | 2,295 | - | - | - |
| Mutual funds | 1,734 | 1,734 | - | - | - |
| Venture capital | 1,191 | 1,191 | - | - | - |
| All other | (11,394) | (11,394) | - | - | - |
| | 647,791 | 647,791 | - | - | - |
| Total | \$1,060,854 | \$665,981 | \$185,752 | \$107,988 | \$101,133 |

The university had investments with the following maturities at June 30, 2005:

(in thousands of dollars)

| Investment Type | Fair Value June 30, 2005 | Investment Maturities (in years) | | | |
|--|-----------------------------|----------------------------------|------------------|-----------------|-----------------|
| | | Less than 1 | 1-5 | 6-10 | More than 10 |
| <i>Investments with maturity date</i> | | | | | |
| Corporate bonds | \$145,493 | \$12,508 | \$116,228 | \$14,987 | \$1,770 |
| Asset backed securities | 84,992 | 834 | 63,817 | 14,154 | 6,187 |
| Government mortgage-backed securities | 60,718 | 3,352 | 7,044 | 22,716 | 27,606 |
| Government bonds | 59,319 | 5,998 | 37,255 | 13,464 | 2,602 |
| Government agencies | 26,587 | 7,942 | 14,880 | 3,695 | 70 |
| Commercial mortgage-backed | 19,136 | - | 2,023 | - | 17,113 |
| Nongovernment backed C.M.O.s | 8,814 | - | 1,402 | - | 7,412 |
| Index linked government bonds | 5,571 | - | 1,944 | 2,237 | 1,390 |
| Municipal/provincial bonds | 5,090 | 2,029 | 2,061 | - | 1,000 |
| Government issued commercial mortgage-backed | 1,637 | - | 1,637 | - | - |
| Index linked corporate bonds | 174 | - | - | 174 | - |
| | 417,531 | 32,663 | 248,291 | 71,427 | 65,150 |
| <i>Investments with undetermined maturity date</i> | | | | | |
| Money market funds | 349,934 | 349,934 | - | - | - |
| External investment pools | 156,162 | 156,162 | - | - | - |
| Real estate | 4,570 | 4,570 | - | - | - |
| Mutual funds | 1,566 | 1,566 | - | - | - |
| Venture capital | 697 | 697 | - | - | - |
| All other | 4,694 | 4,694 | - | - | - |
| | 517,623 | 517,623 | - | - | - |
| Total | \$935,154 | \$550,286 | \$248,291 | \$71,427 | \$65,150 |

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The weighted average credit quality of each portfolio of university operating funds investments must be at least "AA-/Aa3" or as specified in each manager's guidelines.

ENDOWMENTS

The IU Foundation's investment policy stipulates that the Pooled Short-Term Fund commercial paper must be

rated A1/P1 and that the average quality of the Pooled Fixed Income Fund will be maintained at "A" or better, except for high-yield. The minimum quality at the time of purchase will be Baa/BBB or equivalent by at least one of the major rating services. For high-yield securities, the weighted average credit quality of the portfolio should be BBB- or better at all times. All securities in the Pooled Fixed Income Fund must be rated at the time of purchase at least B- by Standard & Poor's or B3 by Moody's Investors Service.

At June 30, 2006 and 2005, university investments had debt securities with associated credit ratings as shown below:

(in thousands of dollars)

| Credit Quality Rating | Fair Value June 30, 2006 | Percentage of Total Pool | Fair Value June 30, 2005 | Percentage of Total Pool |
|-----------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| AAA | \$ 285,498 | 26.91% | \$271,014 | 28.98% |
| AA | 22,782 | 2.15% | 28,864 | 3.09% |
| A | 55,746 | 5.26% | 66,337 | 7.09% |
| BBB | 40,563 | 3.82% | 42,074 | 4.50% |
| BB | 3,149 | 0.30% | 8,801 | 0.94% |
| B | 3,316 | 0.31% | - | 0.00% |
| CCC | 301 | 0.03% | - | 0.00% |
| Not Rated | 649,499 | 61.22% | 518,064 | 55.40% |
| Total | \$1,060,854 | 100.00% | \$935,154 | 100.00% |

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

The university's investment policy requires that investments are to be diversified to the extent that the securities of any single issuer shall be limited to 10% of the market value in a particular manager's portfolio. U.S. Government and U.S. governmental agency securities are exempt from this policy requirement.

ENDOWMENTS

The IU Foundation's investment policy stipulates that the Pooled Short-Term Fund limit commercial paper, Certificates of Deposit, Bankers' Acceptances, and Repurchase Agreements to \$10 million per issuer and money market funds to \$20 million per fund. The Pooled Equity Fund/Equity Trust Investment Pool portfolio cost is limited to no more than 10% investment in the equity securities of any one issuer and no purchase shall cause ownership of 5% or more of any one issue. No more than 25% of the Pooled Equity Fund/Equity Trust Investment Pool portfolio market value may be invested in any one industry. For the Pooled Fixed Income Fund/Bond Trust Investment Pool, excluding U.S. Treasuries and Agencies, no more than 5% of the

portfolio market value may be invested in any one issue or issuer. No more than 25% of this portfolio market value may be invested in any one industry.

FOREIGN CURRENCY RISK

The university's investments are not exposed to foreign currency risk.

Note 3—Securities Lending

State statutes and policy of the Trustees of Indiana University permit the university to lend securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The university's custodial bank manages the securities lending program and receives cash, U.S. government securities, or irrevocable letters of credit as collateral. Noncash collateral cannot be pledged or sold unless the borrower defaults. Cash collateral is invested in a short-term investment pool. Cash collateral may also be invested separately in "term loans," in which case the investment term matches the loan term. These loans can be terminated on demand by either lender or borrower. U.S. securities are lent versus collateral valued at 102% of the fair value of the securities plus any accrued interest. Marking to market is performed

every business day and the borrower is required to deliver additional collateral when necessary so that the total collateral held by the university will equal at least the fair value plus accrued interest of the borrowed securities. All security loans can be terminated on demand by either the university or the borrowers. The short-term noncash collateral investment pool had a fair value of \$2,193,455 and \$7,382,729 at June 30, 2006 and 2005, respectively. Cash received as securities lending collateral was \$93,548,981 and \$87,700,832 at June 30, 2006 and 2005, respectively, and is recorded as an asset and corresponding liability on the university's Statement of Net Assets. At June 30, 2006 and 2005, the university had no credit risk exposure in this program.

Note 4—Accounts Receivable

Accounts receivable consisted of the following at June 30, 2006 and 2005:

(in thousands of dollars)

| | <i>June 30, 2006</i> | <i>June 30, 2005</i> |
|--|----------------------|----------------------|
| Student accounts | \$ 37,873 | \$ 33,343 |
| Auxiliary enterprises and other operating activities | 53,729 | 46,993 |
| State appropriations | 15,667 | - |
| Federal, state and other grants and contracts | 17,021 | 12,266 |
| Capital appropriations and gifts | 5,550 | 18,503 |
| Other | 5,389 | 3,991 |
| Current accounts receivable, gross | 135,229 | 115,096 |
| Less allowance for uncollectible accounts | 9,878 | 2,656 |
| Current accounts receivable, net | 125,351 | 112,440 |
| State appropriations | 24,147 | 39,813 |
| Noncurrent accounts receivable | \$ 24,147 | \$ 39,813 |

Certain reclassifications have been made to reflect the allowance for uncollectible accounts for fiscal year 2005. These reclassifications have been made for comparative purposes and do not constitute a restatement of prior periods.

Note 5—Notes and Pledges Receivable

Notes and pledges receivable consisted of the following at June 30, 2006 and 2005:

(in thousands of dollars)

| | <i>June 30, 2006</i> | <i>June 30, 2005</i> |
|---|----------------------|----------------------|
| Operating receivable | \$ 47 | \$ 62 |
| Student loans receivable | 71,023 | 69,386 |
| Pledges receivable, net | 8,319 | 8,030 |
| Total notes and pledges receivable | \$79,389 | \$77,478 |

During fiscal year 2003, the university entered into a lease purchase agreement with the IU Foundation to finance a portion of the cost of construction and equipping of the Biotechnology Research and Training Center maintained and operated by the university on the IUPUI campus (also see Note 11). Private funds held by the IU Foundation, solely for the use of the university, were used for related construction costs of \$15,176,741. The IU Foundation transferred rights to the facility to the university through an unconditional promise to give the university use of the facility over a 20 year period. The university currently occupies and maintains the facility. This promise to give is reflected at net present value of \$8,318,838, as a pledge receivable of the university.

Note 6 — Endowment Funds

Endowment funds are managed pursuant to an Investment Agency Agreement between the Trustees of Indiana University (trustees) and the IU Foundation which delegates investment management responsibilities to the IU Foundation, subject to the university's investment policy. The trustees may, at their discretion, direct all or a portion of the university's endowment funds to other investments, exclusive of the IU Foundation's investment funds. The spending policy is to distribute 5% of the 12 quarter rolling average of pooled fund values. Indiana Code 30-2-12, *Uniform Management of Institutional Funds*, sets forth the provisions governing the expenditure of endowment fund appreciation, under which the trustees may authorize expenditure, consistent with donor intent, of net appreciation in the fair value of the endowment fund assets over historic dollar value.

Funds held by endowments, managed by the IU Foundation, are used to acquire pooled shares. The value of the pooled shares is determined each quarter on the basis of the total market value of pooled investments and the number of pooled shares outstanding. Income from pooled funds is distributed pro rata to each participating fund according to the number of pooled shares it holds. At June 30, 2006, all endowments held with the IU Foundation were invested in pooled funds. Fair value of the Indiana University Consolidated Fund totaled \$134,104,348 and \$121,720,191 at June 30, 2006 and 2005, respectively. Additional pooled funds totaled \$29,942,171 and \$27,360,141 at fair value at June 30, 2006 and 2005, respectively. The university holds investments in the Indiana Future Fund I, LLC, a coalition of institutional investors investing in regional and national venture capital funds to encourage direct investment in Indiana life sciences initiatives, which is administered by Credit Suisse Securities (USA), LLC. The investment in the Indiana Future Fund I, LLC totaled \$1,190,670 and \$696,613 at fair value at June 30, 2006 and 2005, respectively.

Additional endowment funds include the endowment fund for Riley Hospital for Children which is managed as an investment pool by the Riley Children's Foundation. The

funds are invested in accordance with the Riley Children's Foundation investment policy. These funds are used to acquire pooled shares. The value of the pooled shares is determined each quarter on the basis of the total market value of the pooled investments and the number of pooled shares outstanding. Income is distributed pro rata to each participating fund according to the number of shares it holds. The funds totaled \$5,580,871 and \$6,385,101 at fair value at June 30, 2006 and 2005, respectively. The State of Indiana holds an endowment fund valued at \$785,242 on behalf of the university. Income from this endowment is received and distributed on a yearly basis. Real estate held as endowments for investment purposes at June 30, 2006 and 2005 totaled \$2,295,000 and \$4,570,000, respectively, at fair value.

In addition, the university shares the income from a trust held by a major bank with Purdue University and the Indianapolis Center for Advanced Research. The fair value of the principal of this trust was \$34,487,026 and \$34,175,389 at June 30, 2006 and 2005, respectively. The trust principal is not included on the university's financial statements.

Note 7 – Capital Assets

Fiscal year ended June 30, 2006

(in thousands of dollars)

| | <i>Balance</i> <i>June 30, 2005</i> | <i>Additions</i> | <i>Transfers</i> | <i>Retirements</i> | <i>Balance</i> <i>June 30, 2006</i> |
|--|--|-------------------------|--------------------|------------------------|--|
| Assets not being depreciated: | | | | | |
| Land | \$ 46,913 | \$ 540 | \$ – | \$ – | \$ 47,453 |
| Art & museum objects | 58,913 | 6,686 | – | – | 65,599 |
| Construction in progress | 108,442 | 81,905 | (56,653) | 3 | 133,691 |
| Total capital assets not being depreciated | <u>214,268</u> | <u>89,131</u> | <u>(56,653)</u> | <u>3</u> | <u>246,743</u> |
| Other capital assets: | | | | | |
| Infrastructure | 132,844 | 1,532 | 434 | – | 134,810 |
| Land improvements | 17,301 | 574 | 328 | – | 18,203 |
| Equipment | 328,795 | 43,161 | 15,440 | 11,244 | 376,152 |
| Library books | 172,925 | 22,087 | – | 13,008 | 182,004 |
| Buildings | 2,196,004 | 29,038 | 40,451 | 11,844 | 2,253,649 |
| Total other capital assets | <u>2,847,869</u> | <u>96,392</u> | <u>56,653</u> | <u>36,096</u> | <u>2,964,818</u> |
| Less accumulated depreciation: | | | | | |
| Infrastructure | 103,636 | 3,442 | – | – | 107,078 |
| Land improvements | 3,632 | 926 | – | – | 4,558 |
| Equipment | 204,360 | 33,130 | – | 10,304 | 227,186 |
| Library books | 80,810 | 17,683 | – | 13,008 | 85,485 |
| Buildings | 900,138 | 54,043 | – | 6,587 | 947,594 |
| Total accumulated depreciation other capital assets | <u>1,292,576</u> | <u>109,224</u> | <u>–</u> | <u>29,899</u> | <u>1,371,901</u> |
| Capital assets, net | <u>\$1,769,561</u> | <u>\$ 76,299</u> | <u>\$ –</u> | <u>\$ 6,200</u> | <u>\$1,839,660</u> |

(Continued from previous page)

Fiscal year ended June 30, 2005

(in thousands of dollars)

| | <i>Balance</i> <i>June 30, 2004</i> | <i>Additions</i> | <i>Transfers</i> | <i>Retirements</i> | <i>Balance</i> <i>June 30, 2005</i> |
|--|--|-------------------------|--------------------|------------------------|--|
| Assets not being depreciated: | | | | | |
| Land | \$ 46,429 | \$ 484 | \$ - | \$ - | \$ 46,913 |
| Art & museum objects | 58,209 | 707 | - | 3 | 58,913 |
| Construction in progress | 167,256 | 77,150 | (135,839) | 125 | 108,442 |
| Total capital assets not being depreciated | <u>271,894</u> | <u>78,341</u> | <u>(135,839)</u> | <u>128</u> | <u>214,268</u> |
| Other capital assets: | | | | | |
| Infrastructure | 133,719 | 898 | (1,773) | - | 132,844 |
| Land improvements | 11,480 | 2,340 | 3,481 | - | 17,301 |
| Equipment | 306,949 | 23,931 | 16,877 | 18,962 | 328,795 |
| Library books | 166,571 | 20,498 | - | 14,144 | 172,925 |
| Buildings | 2,037,660 | 44,240 | 117,254 | 3,150 | 2,196,004 |
| Total other capital assets | <u>2,656,379</u> | <u>91,907</u> | <u>135,839</u> | <u>36,256</u> | <u>2,847,869</u> |
| Less accumulated depreciation: | | | | | |
| Infrastructure | 101,473 | 2,163 | - | - | 103,636 |
| Land improvements | 1,724 | 1,908 | - | - | 3,632 |
| Equipment | 191,362 | 30,272 | - | 17,274 | 204,360 |
| Library books | 77,965 | 16,989 | - | 14,144 | 80,810 |
| Buildings | 848,588 | 53,340 | - | 1,790 | 900,138 |
| Total accumulated depreciation other capital assets | <u>1,221,112</u> | <u>104,672</u> | <u>-</u> | <u>33,208</u> | <u>1,292,576</u> |
| Capital assets, net | <u>\$1,707,161</u> | <u>\$ 65,576</u> | <u>\$ -</u> | <u>\$ 3,176</u> | <u>\$1,769,561</u> |

Note 8—Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following at June 30, 2006 and 2005:

(in thousands of dollars)

| | <i>June 30, 2006</i> | <i>June 30, 2005</i> |
|---|-------------------------|-------------------------|
| Accrued payroll | \$ 15,561 | \$ 23,287 |
| Accrual for compensated absences | 30,537 | 30,928 |
| Interest payable | 15,929 | 16,547 |
| Held for student loans | 29,258 | 27,194 |
| Vendor and other payables | <u>107,509</u> | <u>87,658</u> |
| Total accounts payable and accrued liabilities | <u>\$198,794</u> | <u>\$185,614</u> |

Note 9—Long-Term Liabilities

Long-term liability activity for the fiscal years ended June 30, 2006 and 2005 is summarized as follows:

Fiscal year ended June 30, 2006

(in thousands of dollars)

| | <i>Balance</i> <i>June 30, 2005</i> | <i>Additions</i> | <i>Reductions</i> | <i>Balance</i> <i>June 30, 2006</i> | <i>Current</i> |
|--|--|-------------------------|-------------------------|--|-------------------------|
| Bonds payable | \$564,409 | \$ 86,044 | \$34,991 | \$615,462 | \$ 37,071 |
| Notes payable | 1,750 | 55,000 | 148 | 56,602 | 153 |
| Capital lease obligations | 32,819 | 7,395 | 27,907 | 12,307 | 1,526 |
| Total bonds, notes, and capital leases payable | <u>598,978</u> | <u>148,439</u> | <u>63,046</u> | <u>684,371</u> | <u>38,750</u> |
| Other liabilities | | | | | |
| Deferred revenue | 239,444 | – | 27,486 | 211,958 | 167,887 |
| Assets held in custody for others | 36,141 | 490 | – | 36,631 | – |
| Compensated absences | 38,838 | 20,437 | 18,659 | 40,616 | 30,537 |
| Other | 1,246 | – | 201 | 1,045 | – |
| Total long-term liabilities | <u>\$914,647</u> | <u>\$169,366</u> | <u>\$109,392</u> | <u>\$974,621</u> | <u>\$237,174</u> |

Fiscal year ended June 30, 2005

(in thousands of dollars)

| | <i>Balance</i> <i>June 30, 2004</i> | <i>Additions</i> | <i>Reductions</i> | <i>Balance</i> <i>June 30, 2005</i> | <i>Current</i> |
|--|--|-------------------------|------------------------|--|-------------------------|
| Bonds payable | \$550,887 | \$ 58,901 | \$45,379 | \$564,409 | \$ 33,262 |
| Notes payable | – | 1,750 | – | 1,750 | 148 |
| Capital lease obligations | 13,947 | 21,582 | 2,710 | 32,819 | 1,778 |
| Total bonds, notes, and capital leases payable | <u>564,834</u> | <u>82,233</u> | <u>48,089</u> | <u>598,978</u> | <u>35,188</u> |
| Other liabilities | | | | | |
| Deferred revenue | 159,531 | 92,936 | 13,023 | 239,444 | 180,467 |
| Assets held in custody for others | 35,171 | 970 | – | 36,141 | – |
| Compensated absences | 38,469 | 17,675 | 17,306 | 38,838 | 30,928 |
| Other | 1,269 | – | 23 | 1,246 | – |
| Total long-term liabilities | <u>\$799,274</u> | <u>\$193,814</u> | <u>\$78,441</u> | <u>\$914,647</u> | <u>\$246,583</u> |

Certain reclassifications have been made to long-term liabilities for fiscal year 2005. These reclassifications have been made for comparative purposes and do not constitute a restatement of prior periods.

Note 10 — Bonds and Notes Payable

The university is authorized by acts of the Indiana General Assembly to issue bonds and notes for the purposes of financing construction of facilities for academic pursuits, administration, athletics, halls of music, medical research, parking, student housing, student union buildings, and energy savings projects. The outstanding bond and note indebtedness at June 30, 2006 and 2005 was \$672,063,935 and \$566,158,652, respectively. This includes principal outstanding at June 30, 2006 and 2005 for bonds issued under Indiana Code 20-12-6 of \$500,979,485 and \$445,780,548, respectively, which have an additional \$68,079,189 and \$71,486,885, respectively, in accreted value of outstanding capital appreciation bonds associated with it.

The bond issues include both serial and term bonds with maturities extending to August 1, 2031. A specific appropriation is received from the State of Indiana for the purpose of reimbursing the university for a portion of the debt service payments that are incurred on bonds issued under Indiana Code 20-12-6 for certain academic and student facilities.

These funds, referred to as “fee replacement” appropriations, are received from the State of Indiana on a semi-annual basis.

Indiana Code 20-12-9.5 permits the use of debt in the form of temporary borrowing in anticipation of future long-term borrowing for capital projects, when such long-term borrowing is authorized under other sections of the Indiana Code. On December 14, 2005, the university issued Tax-Exempt Commercial Paper Notes (TECP), Series 2005, as interim financing for certain approved facilities on various campuses. To date, such funds have been used to finance the University Place Hotel and to partially finance the IUPUI Campus Center. TECP are notes payable that will be refinanced with some form of permanent financing at a future date. The interest rate and term of the notes are subject to market conditions on the maturity date of the notes. The number of days to maturity may not exceed 270 days, with the final maturity of the notes being December 1, 2015. During the 2006 fiscal year, the university extended the term of the credit facility on TECP through November 30, 2008.

As of June 30, 2006 and 2005, outstanding indebtedness from bonds and notes consisted of the following:

(in thousands of dollars)

| <i>Bonding Authority</i> | <i>Interest Rates</i> | <i>Final Maturity- Years Ended June 30</i> | <i>Principal Outstanding At June 30, 2006</i> | <i>Principal Outstanding At June 30, 2005</i> |
|--------------------------------------|-----------------------|--|---|---|
| Indiana Code 20-12-6 | 2.00 to 7.25% | 2032 | \$500,980 | \$445,781 |
| Indiana Code 20-12-7 | 6.25 to 6.60% | 2009 | 1,190 | 1,540 |
| Indiana Code 20-12-8 | 2.23 to 6.00% | 2030 | 103,324 | 108,944 |
| Indiana Code 20-12-9.5 | 3.55% | 2016 | 55,000 | - |
| Indiana Code 20-12-6-17 | 3.64% | 2015 | <u>1,602</u> | <u>1,750</u> |
| Subtotal bonds and notes payable | | | 662,096 | 558,015 |
| Add unamortized bond premium | | | 16,245 | 11,023 |
| Less deferred charges | | | <u>(6,277)</u> | <u>(2,879)</u> |
| Total bonds and notes payable | | | <u>\$672,064</u> | <u>\$566,159</u> |

As of June 30, 2006, the university has three series of variable or floating rate bonds outstanding. The Student Residence System Bonds, Series 1998, were issued in June of 1998 to finance the renovation of the Willkie Quadrangle. The Facility Revenue Bonds, Series 2000, were issued in December of 2000 to finance the construction of parking facilities. The Student Residence System Bonds, Series 2004A, were issued as floating rate bonds in conjunction with the Series 2004B fixed rate bonds, which were issued in June of 2004 to finance the Campus Apartments on the

Riverwalk. They are included above in the category titled Indiana Code 20-12-8 Acts of 1927 - Housing, Parking, and Hospital Facilities. The variable interest rates are determined by the remarketing agents, based on prevailing market conditions. The variable interest is calculated on the basis of a 365 or 366-day year, for the actual number of days elapsed. During the 2005-06 fiscal year, the university extended the term of the credit facility on all variable rate bond issues through June 30, 2009.

Principal and interest requirements to maturity for bonds and notes are as follows:

(in thousands of dollars)

| <i>Fiscal Year Ended June 30</i> | <i>Bond Principal</i> | <i>Note Principal</i> | <i>Total Principal</i> | <i>Bond Interest</i> | <i>Note Interest</i> | <i>Total Interest</i> | <i>Total Payment</i> |
|--------------------------------------|---------------------------|---------------------------|----------------------------|--------------------------|--------------------------|---------------------------|--------------------------|
| 2007 | \$ 36,481 | \$ 153 | \$ 36,634 | \$ 36,184 | \$ 2,010 | \$ 38,194 | \$ 74,828 |
| 2008 | 39,763 | 159 | 39,922 | 38,152 | 2,004 | 40,156 | 80,078 |
| 2009 | 42,044 | 165 | 42,209 | 36,532 | 1,998 | 38,530 | 80,739 |
| 2010 | 40,715 | 171 | 40,886 | 37,016 | 1,992 | 39,008 | 79,894 |
| 2011 | 40,871 | 177 | 41,048 | 35,882 | 1,986 | 37,868 | 78,916 |
| 2012-2016 | 146,574 | 55,777 | 202,351 | 104,273 | 8,689 | 112,962 | 315,313 |
| 2017-2021 | 161,546 | - | 161,546 | 47,413 | - | 47,413 | 208,959 |
| 2022-2026 | 59,335 | - | 59,335 | 14,541 | - | 14,541 | 73,876 |
| 2027-2031 | 37,155 | - | 37,155 | 4,265 | - | 4,265 | 41,420 |
| 2032 | 1,010 | - | 1,010 | 24 | - | 24 | 1,034 |
| Total | \$605,494 | \$56,602 | \$662,096 | \$354,282 | \$18,679 | \$372,961 | \$1,035,057 |

Effective June 18, 2004, the university purchased an interest rate cap for the Indiana University Floating Rate Student Residence System Bonds, Series 2004A to limit the university's interest rate exposure to a maximum of 5.00% through the cap termination date of July 1, 2007. The university paid the counterparty a fixed payment of \$57,000 and will receive monthly payments should the Bond Market Association Municipal Swap Index (BMA) exceed 5.00% for a defined period of time. The fair value of this cap was \$51 and \$1,747 at June 30, 2006 and 2005, respectively. The cap had notional amounts of \$20,500,000 and \$20,775,000 at June 30, 2006 and 2005, respectively, and declines based on the projected principal outstanding. The cap agreement includes standard termination events, such as failure to pay and bankruptcy. It also incorporates a provision whereby the counterparty must have a rating of 'A' or better from

Moody's Investors Service and Standard & Poor's Credit Market Services, a Division of The McGraw-Hill Companies. The counterparty may assign the cap to another party or obtain a guaranty from another institution with the same or greater rating or post collateral equal to the market value of the transaction, after obtaining the prior written consent of the university.

In prior years, the university has defeased the following bond issues either with cash or by issuing new debt. United States Treasury obligations or federal agency securities have been purchased in amounts sufficient to pay principal and interest payments when due, through maturity, and have been deposited in irrevocable trusts with trustees. Neither the defeased bonds nor the related trusts are reflected on the university's books. At June 30,

2006, Building Facilities Fee Bonds, Series L and Series M, defeased by the university on October 1, 1985, have principal outstanding of \$8,815,000, with a final maturity of July 1, 2010. As of June 30, 2006, Student Fee Bonds, Series M, which were partially defeased on December 14, 2004, have principal outstanding of \$10,420,000, with a final maturity of August 1, 2009. On June 20, 2006, the university partially defeased Student Fee Bonds, Series K, Series L, Series M and Series N, which as of June 30, 2006, have principal outstanding of \$77,735,000, with a final maturity of August 1, 2011.

On June 20, 2006, the university issued Indiana University Student Fee Bonds, Series Q, sold on May 19, 2006, with a par amount of \$32,895,000. Proceeds of these bonds will provide financing for a portion of the Research Institute III--a new medical research facility on the Indianapolis campus. The true interest cost for the Series Q bonds is 4.52%.

On June 20, 2006, the university issued Indiana University Student Fee Bonds, Series R, sold on June 8, 2006, with a par amount of \$129,150,000. The purpose of the issue was to partially finance both the Campus Center project on IUPUI and the Central Heating Plant - Renovation project on the Bloomington campus, and to finance the Central Heating Plant - Service Building project on the Bloomington campus. The proceeds of the bonds also partially refunded Indiana University Student Fee Bonds, Series K, Series L, Series M, and Series N. The true interest cost for the bond issue is 4.32%. The refunding portion of the transaction generated net present value savings of \$2,765,526 and total deferred charges of \$3,583,127.

Note 11 – Lease Obligations

The university leases certain facilities. Most of the facility leases include renewal options and some provide for escalation of rent based on changes in operating cost. Some leases are in substance lease-purchases and as such are recorded as capital lease obligations. Indiana Code 20-12-5.5 permits the use of debt in the form of long-term capital lease-purchase agreements. The schedule below includes a lease-purchase agreement between the IU Foundation and the university which was securitized and sold as Certificates of Participation, Series 2003A, in April of 2003 in the amount of \$10,830,000. The true interest cost for

the entire certificate issue was 4.50%. The proceeds of the Series 2003A Certificates were used to finance a portion of the cost of construction and equipping of the Biotechnology Research and Training Center (BRTC) on the IUPUI campus, and capitalized interest thereon.

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

(in thousands of dollars)

| | <i>Capital</i> | <i>Operating</i> |
|--|------------------------|------------------|
| 2007 | \$ 2,057 | \$ 8,759 |
| 2008 | 1,825 | 5,500 |
| 2009 | 1,347 | 2,670 |
| 2010 | 1,009 | 2,020 |
| 2011 | 911 | 1,923 |
| 2012-2016 | 4,246 | 7,445 |
| 2017-2021 | 4,226 | 6,869 |
| 2022-2026 | <u>1,264</u> | <u>3,535</u> |
| Total future minimum payments | 16,885 | <u>\$38,721</u> |
| Less: interest | <u>(4,578)</u> | |
| Present value of future principal outstanding | <u>\$12,307</u> | |

Note 12 – Federal Obligations Under Student Loan Programs

Student loans are funded principally from allocations received from the federal government under the Carl D. Perkins (Perkins), Health Professions, and Nursing loan programs. The Department of Education suspended federal contributions for Perkins loans to all institutions in fiscal year 2006.

The collections, including interest from these programs, are lent to students. The federal government advanced \$3,308,640 and \$1,113,942 for Health Professions and Nursing loan programs for fiscal year 2006 and 2005, respectively, and \$315,015 for the Perkins loan program in fiscal year 2005. Liabilities at June 30, 2006 and 2005 for loan programs were as follows:

(in thousands of dollars)

| | June 30, 2006 | June 30, 2005 |
|---|------------------------|------------------------|
| Federal share of interest | | |
| Collections on federal capital contribution student loans | \$29,258 | \$27,194 |
| Assets held in custody for others | | |
| Perkins loans | 21,370 | 22,161 |
| Health Professions loans | 14,345 | 12,937 |
| Nursing loan | 916 | 1,043 |
| Total assets held in custody for others | <u>36,631</u> | <u>36,141</u> |
| Total | <u>\$65,889</u> | <u>\$63,335</u> |

Note 13 – Risk Management

The university is exposed to various risks of loss: torts, theft, damage or destruction of assets, errors or omissions, job-related illnesses or injuries to employees, and health care claims on behalf of employees and their dependents. The university manages these risks through a combination of risk retention and commercial insurance, including coverage from internally maintained funds as well as from a wholly-owned captive insurance company, Old Crescent Insurance Company (OCIC). The university is self-insured for buildings and building contents for the first \$100,000 with an additional \$900,000 covered by OCIC per occurrence. The university is self-insured for comprehensive general liability and automobile liability for the first \$100,000 with an additional \$900,000 covered by OCIC and has supplementary commercial liability umbrella policies. The university has a malpractice and professional liability policy in the amount of \$250,000 for each claim and \$750,000 annually in aggregate provided by OCIC. The university is self-insured for the first \$750,000 of any worker's compensation claim. Excess commercial coverage for up to \$1 million is in place for employer's liability claims. Worker's compensation claims above \$750,000 are subject to statutory limits.

The university has four health care plans for full-time appointed employees, two of which are also available to retirees not eligible for Medicare, and one additional health care plan for retirees 65 and above. Three of the employee

plans and the retiree plan are self-funded. For the fiscal years ending June 30, 2006 and 2005, the university's contributions to these health care plans totaled \$98,188,375 and \$96,460,134, respectively. For the same periods, employees, Consolidated Omnibus Budget Reconciliation Act (COBRA) participants and retirees made contributions totaling \$13,277,048 and \$14,983,456, respectively.

The university records a liability for incurred but unpaid claims for university-sponsored self-funded health care plans. This liability is estimated to be no more than 25% of the paid self-funded claims during the fiscal years ending June 30, 2006 and 2005, and totals \$21,656,576 and \$20,359,478 at June 30, 2006 and 2005, respectively. In addition, a potential claims fluctuation liability at June 30, 2006 and 2005 of \$8,622,630 and \$8,143,791, respectively, has also been recorded.

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

Note 14 – Retirement Plans

The university provided retirement plan coverage to 17,530 and 17,444 active employees, as of June 30, 2006 and 2005, respectively, in addition to contributing to the Federal Insurance Contributions Act (FICA) as required by law.

INDIANA PUBLIC EMPLOYEES' RETIREMENT FUND

The university contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan with an annuity savings account provision. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All support, technical and service employees with at least a 50% full-time equivalent (FTE) appointment participate in the PERF plan. There were 6,913 and 6,954 active university employees covered by this retirement plan as of June 30, 2006 and 2005, respectively. State statutes (IC 5-10.2 and 5-10.3) authorize the university to contribute to the plan and govern most

requirements of the system. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at three percent of compensation, plus the interest credited to the member's account. The university has elected to make the contributions on behalf of the member. PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing the Public Employees Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204 or by calling (317) 233-4162.

Contributions made by the university totaled \$15,626,947 and \$13,598,684, for fiscal years ended June 30, 2006 and 2005 respectively. Contributions represented a 4.5% university pension benefit contribution for fiscal year ended June 30, 2006 and 3.8% for fiscal year ended June 30, 2005, and a 3% university contribution for the annuity savings account provisions.

PERF FUNDING POLICY AND ANNUAL PENSION COST

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

The actuarial information represents the periods ended June 30, 2005 and 2004. The employer contributions required by the funding policy at actuarial determined rates are sufficient to fund the pension portion of the retirement benefit (normal cost) and the amortization of unfunded liabilities. The amortization period is level dollar open over 30 years. The actuarial funding method is entry age normal cost. The employer required contribution is determined using an asset smoothing method.

Actuarial assumptions include: 1) an investment rate of return of 7.25%, and 2) a 2% cost of living increase granted in each future year, applying to current and future retirees.

The following schedules show the funding progress, net pension obligation, and trend information for PERF:

| | <i>Fiscal Year Ended June 30, 2005</i> | <i>Fiscal Year Ended June 30, 2004</i> |
|---|--|--|
| Annual required contribution | \$ 8,199,297 | \$ 7,007,018 |
| Interest on net pension obligation | (459,148) | (154,240) |
| Adjustment to annual required contribution | <u>523,235</u> | <u>175,768</u> |
| Annual pension cost | 8,263,384 | 7,028,546 |
| Contributions made | <u>(7,604,720)</u> | <u>(11,234,182)</u> |
| Increase (decrease) in net pension obligation | 658,664 | (4,205,636) |
| Net pension obligation, beginning of year | <u>(6,333,080)</u> | <u>(2,127,444)</u> |
| Net pension obligation, end of year | <u>\$ (5,674,416)</u> | <u>\$ (6,333,080)</u> |

Actuarial data for 2006 not available at the time of this report.

| <i>Fiscal Year Ended</i> | <i>Annual Pension Cost (APC)*</i> | <i>Percentage of APC Contributed</i> | <i>Net Pension Obligation</i> |
|--------------------------|-----------------------------------|--------------------------------------|-------------------------------|
| June 30, 2003 | \$9,704,671 | 102% | \$(2,127,444) |
| June 30, 2004 | 7,028,546 | 160% | (6,333,080) |
| June 30, 2005 | 8,263,384 | 92% | (5,674,416) |

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

ACADEMIC AND PROFESSIONAL STAFF EMPLOYEES

Appointed academic and professional staff employees, with at least 50% FTE are covered by the IU Retirement Plan. This is a defined contribution plan under IRC 403(b) with four contribution levels. The university contributed \$65,722,920 during fiscal year 2006 and \$65,221,083 during fiscal year 2005 to TIAA-CREF for the IU Retirement Plan. The university contributed \$13,824,681 during fiscal year 2006 and \$12,631,905 during fiscal year 2005 to Fidelity Investments for the IU Retirement Plan. 9,191 and 8,362 employees were directing university contributions under this plan to TIAA-CREF as of June 30, 2006 and 2005, respectively. 2,577 and 2,336 employees were directing university contributions under this plan to Fidelity Investments as of June 30, 2006 and 2005, respectively.

In addition to the above, the university provides early retirement benefits to appointed academic and professional staff employees Grade 16 and above. There were 1,427 and 1,512 active employees on June 30, 2006 and 2005, respectively, covered by the IU Supplemental Early Retirement Plan (IUSERP); a defined contribution plan in compliance with IRC 401(a), with participant accounts at TIAA-CREF and Fidelity Investments. The university contributed \$2,795,273 and \$2,839,427 to IUSERP during fiscal years 2006 and 2005, respectively. The same class of employees hired prior to January 1, 1989, are covered by the 18/20 Retirement Plan, a combination of IRC 457(f) and 403(b) provisions. The 18/20 Retirement Plan allows this group of employees to retire as early as age 64, assuming at least 18 years of participation in the IU Retirement Plan and at least 20 years of continuous university service. During fiscal year 2006 the university made total payments of \$29,585,217 to 383 individuals receiving 18/20 Retirement Plan payments. During fiscal year 2005, the university made total payments of \$27,296,397 to 367 individuals receiving 18/20 Retirement Plan payments.

TIAA-CREF issues an annual financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That

report may be obtained by writing the Teachers Insurance and Annuity Association/College Retirement Equities Fund, 730 Third Avenue, New York, NY 10017-3206.

Fidelity Investments issues an annual financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing Fidelity Investments, 82 Devonshire Street, Boston, MA 02109.

IU REPLACEMENT RETIREMENT PLAN FUNDING POLICY AND ANNUAL PENSION COST

The university has established an early retirement plan for approximately 102 employees at June 30, 2006 and 112 employees at June 30, 2005, to accommodate IRS requirements, and as authorized by the Trustees of Indiana University. This plan is called the IU Replacement Retirement Plan. It is a single-employer plan and is qualified under IRC Section 401(a), with normal benefits payable for the participant's lifetime. Trust and recordkeeping activities are outsourced to the TIAA-CREF Trust Company. For fiscal years 2006 and 2005, university contributions related to this plan totaled \$1,768,622 and \$1,984,805, respectively, and there were no employee contributions. These amounts represent 100% of the funding policy contribution.

The university's annual pension cost for the current and previous fiscal years and related information for the plan, as provided by the actuarial valuation dated March 9, 2006, is provided below.

Liabilities are based on the projected accrued benefit actuarial cost method with a normal cost determined for participants who have not yet attained the assumed full retirement age. The actuarial value of assets is equal to the fair value on the valuation date adjusted for employer contributions receivable.

Actuarial assumptions include a 7% asset rate of return and future salary increases of 4% compounded annually.

The following schedule shows the funding policy contributions for the fiscal years indicated for the IU Replacement Retirement Plan:

| | <i>Fiscal Year Ended June 30, 2006</i> | <i>Fiscal Year Ended June 30, 2005</i> | <i>Fiscal Year Ended June 30, 2004</i> |
|---|--|--|--|
| Cost of benefits earned during the year | \$ 926,091 | \$ 896,866 | \$ 937,609 |
| Amortization of unfunded actuarial accrued liabilities | 726,827 | 958,092 | 964,959 |
| Interest | 115,704 | 129,847 | 133,180 |
| Funding policy contribution | <u>\$1,768,622</u> | <u>\$1,984,805</u> | <u>\$2,035,748</u> |

TIAA-CREF issues an annual financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing the Teachers Insurance and Annuity Association/College Retirement Equities Fund, 730 Third Avenue, New York, NY 10017-3206.

The university provides term life insurance benefits to former employees with retiree status. Retiree status is based on age and service at termination date. This benefit is underwritten through an insurance company. During fiscal years 2006 and 2005, the university contributed \$533,146 and \$508,434, respectively, to this coverage.

Note 15—Related Organizations

The university is a beneficiary of the Riley Children's Foundation (formerly James Whitcomb Riley Memorial Association). In 1922 the association presented the James Whitcomb Riley Hospital for Children to Indiana University. On May 2, 1996, the James Whitcomb Riley Hospital for Children separated from Indiana University and is now part of Clarian Health Partners, Inc. The university has been a major beneficiary of this foundation. Riley Children's Foundation net assets were \$176,715,895 and \$204,091,231 (as restated) at June 30, 2006 and 2005, respectively. Riley Children's Foundation net assets are not included in the financial statements of the university.

Note 16—Functional Expenses

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

Fiscal year ended June 30, 2006

(in thousands of dollars)

| Functional Classification | Natural Classification | | | | | | Total |
|---------------------------------|-------------------------|-----------------|---------------------|----------------------------|------------------|-----------------|--------------------|
| | Compensation & Benefits | Utilities | Supplies & Expenses | Scholarships & Fellowships | Depreciation | Travel | |
| Instruction | \$ 607,267 | \$ 77 | \$ 66,504 | \$ 8,634 | \$ — | \$ 7,808 | \$ 690,290 |
| Research | 149,874 | 19 | 77,845 | 4,132 | — | 8,536 | 240,406 |
| Public service | 83,294 | 332 | 53,529 | 3,737 | — | 4,158 | 145,050 |
| Academic support | 133,837 | 102 | 53,723 | 592 | — | 3,615 | 191,869 |
| Student services | 49,037 | 4 | 15,839 | 402 | — | 1,264 | 66,546 |
| Institutional support | 143,612 | 154 | 19,259 | 439 | — | 2,625 | 166,089 |
| Physical plant | 45,779 | 46,449 | 42,250 | — | — | 100 | 134,578 |
| Scholarships & fellowships | 8,735 | — | 433 | 71,109 | — | 81 | 80,358 |
| Auxiliary enterprises | 158,985 | 3,197 | 131,872 | 4,356 | — | 5,186 | 303,596 |
| Depreciation | — | — | — | — | 109,224 | — | 109,224 |
| Total operating expenses | \$1,380,420 | \$50,334 | \$461,254 | \$93,401 | \$109,224 | \$33,373 | \$2,128,006 |

Fiscal year ended June 30, 2005

(in thousands of dollars)

| Functional Classification | Natural Classification | | | | | | Total |
|---------------------------------|-------------------------|-----------------|---------------------|----------------------------|------------------|-----------------|--------------------|
| | Compensation & Benefits | Utilities | Supplies & Expenses | Scholarships & Fellowships | Depreciation | Travel | |
| Instruction | \$ 590,561 | \$ 46 | \$ 69,296 | \$ 7,374 | \$ — | \$ 7,647 | \$ 674,924 |
| Research | 147,250 | 27 | 73,454 | 3,830 | — | 8,028 | 232,589 |
| Public service | 83,632 | 266 | 47,913 | 3,940 | — | 3,560 | 139,311 |
| Academic support | 127,153 | 32 | 54,971 | 566 | — | 3,325 | 186,047 |
| Student services | 47,366 | 3 | 16,163 | 245 | — | 1,250 | 65,027 |
| Institutional support | 130,574 | 130 | 21,401 | 142 | — | 2,396 | 154,643 |
| Physical plant | 44,653 | 41,237 | 41,009 | — | — | 121 | 127,020 |
| Scholarships & fellowships | 7,503 | — | 233 | 65,885 | — | 99 | 73,720 |
| Auxiliary enterprises | 154,271 | 2,554 | 124,968 | 4,213 | — | 4,477 | 290,483 |
| Depreciation | — | — | — | — | 104,700 | — | 104,700 |
| Total operating expenses | \$1,332,963 | \$44,295 | \$449,408 | \$86,195 | \$104,700 | \$30,903 | \$2,048,464 |

Certain reclassifications have been made to the functional classifications for fiscal year 2005. These reclassifications have been made for comparative purposes and do not constitute a restatement of prior periods.

Note 17—Segment Information

The university issues revenue bonds to finance certain auxiliary enterprise activities. The primary source of repayment of these bonds is net income of certain parking and housing operations.

Revenue bonds have been issued to finance certain auxiliary parking enterprise activities on the Bloomington, IUPUI, Kokomo, and South Bend campuses. These auxiliary

entities provide parking services to students, staff, faculty, and the general public.

Revenue bonds have been issued to finance certain auxiliary housing activities on the Bloomington and IUPUI campuses. These auxiliary entities provide housing primarily to students.

(in thousands of dollars)

| CONDENSED STATEMENT OF NET ASSETS | Parking Operations | | Housing Operations | |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | June 30, 2006 | June 30, 2005 | June 30, 2006 | June 30, 2005 |
| Assets | | | | |
| Current assets | \$19,084 | \$17,541 | \$28,577 | \$15,734 |
| Capital assets (book value) | 63,710 | 65,561 | 119,531 | 124,905 |
| Total Assets | 82,794 | 83,102 | 148,108 | 140,639 |
| Liabilities | | | | |
| Current liabilities | 4,852 | 4,771 | 2,374 | 1,875 |
| Long-term liabilities | 43,528 | 47,427 | 58,710 | 60,970 |
| Total liabilities | 48,380 | 52,198 | 61,084 | 62,845 |
| Net Assets | | | | |
| Invested in capital assets, net of related debt | 16,686 | 14,839 | 61,642 | 65,005 |
| Unrestricted | 17,728 | 16,065 | 25,382 | 12,789 |
| Total net assets | \$34,414 | \$30,904 | \$87,024 | \$77,794 |
| CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS | | | | |
| | Fiscal Year Ended June 30, 2006 | Fiscal Year Ended June 30, 2005 | Fiscal Year Ended June 30, 2006 | Fiscal Year Ended June 30, 2005 |
| Operating revenues | \$16,633 | \$16,467 | \$49,632 | \$44,286 |
| Depreciation expense | (2,684) | (4,017) | (5,277) | (5,731) |
| Other operating expenses | (7,646) | (7,822) | (32,107) | (29,956) |
| Net operating income | 6,303 | 4,628 | 12,248 | 8,599 |
| Nonoperating revenues (expenses) | | | | |
| Investment income | 3 | 2 | | 16 |
| Interest expense | (2,047) | (1,897) | (2,213) | (1,663) |
| Increase in net assets | 4,259 | 2,733 | 10,035 | 6,952 |
| Net Assets | | | | |
| Net assets, beginning of year | 30,904 | 23,945 | 77,794 | 70,146 |
| Net transfers | (749) | 4,226 | (805) | 696 |
| Net assets, end of year | \$34,414 | \$30,904 | \$87,024 | \$77,794 |

(Continued from previous page)

CONDENSED STATEMENT OF CASH FLOWS

| | <u>Parking Operations</u> | | <u>Housing Operations</u> | |
|---|--|--|--|--|
| | <i>Fiscal Year Ended June 30, 2006</i> | <i>Fiscal Year Ended June 30, 2005</i> | <i>Fiscal Year Ended June 30, 2006</i> | <i>Fiscal Year Ended June 30, 2005</i> |
| Net cash provided (used) by: | | | | |
| Operating activities | \$ 9,152 | \$ 8,783 | \$16,973 | \$14,276 |
| Capital and related financing activities | (6,815) | 7,631 | 4,105 | 5,459 |
| Investing activities | (839) | (5,116) | (9,038) | (17,284) |
| Net increase in cash | 1,498 | 11,298 | 12,040 | 2,451 |
| Beginning cash and cash equivalent balances | 16,222 | 4,924 | 14,376 | 11,925 |
| Ending cash and cash equivalent balances | \$17,720 | \$16,222 | \$26,416 | \$14,376 |

Certain reclassifications have been made to the Condensed Statement of Cash Flows for fiscal year 2005. These reclassifications have been made for comparative purposes and do not constitute a restatement of prior periods.

Note 18—Commitments and Loss Contingencies

The university is party to an agreement in which it agreed to transfer ownership of certain equipment constructed by the university to Midwest Proton Radiotherapy Institute, LLC (MPRI). Capitalized costs of construction of the equipment and related factors will exceed the purchase terms of the agreement by an amount projected to be approximately \$25.9 million. This transaction will be reflected in the university's financial statements when all terms of the agreement have been satisfied and are completed. Completion is expected to occur during fiscal year 2007. The transfer of the equipment will facilitate activities that will further the university's research and teaching mission. In

addition, the university expects to realize operating revenue through agreements with the purchasing party and has plans to apply this revenue to the costs incurred. In addition, Indiana University Research and Technology Corporation, a component unit of the university, is party to an agreement granting MPRI the use of the technology underlying certain other assets constructed by the university.

CONSTRUCTION PROJECTS

As of June 30, 2006, contractual obligations for capital construction projects were \$130,316,355.

Note 1 - Organization and Operations

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

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

Note 4 - Investments

Fair market value for a publicly traded security is based on the closing price for equity securities and the closing bid price for debt securities. Fair market value for non-publicly traded securities is computed based on the price earnings ratio, dividend discount model, or price to book analysis appropriately discounted due to illiquidity. Investments in alternative investments are carried at estimated fair value provided by the management of the respective alternative investment. A summary of investments as of June 30, 2006 and 2005 follows:

| | Unrestricted | | Temporarily Restricted | | Permanently Restricted | |
|---|---------------|----------------|------------------------|----------------|------------------------|----------------|
| | Foundation | Agency | Foundation | University | Foundation | University |
| Institutional co-mingled funds | \$ 19,799,636 | \$ 62,377,022 | \$ 407,875 | \$ 207,493,483 | \$ 6,787,760 | \$ 153,783,481 |
| Common, preferred and international stocks | 18,582,040 | 58,562,377 | 1,849,348 | 206,739,531 | 6,773,678 | 154,568,048 |
| Alternative investments | 7,209,910 | 24,095,033 | 157,554 | 46,818,340 | 3,265,749 | 92,530,618 |
| Real estate | 150,649 | 336,360 | 1,014,699 | 3,115,047 | 45,589 | 2,568,764 |
| Mortgage securities | -0- | -0- | -0- | -0- | -0- | 787,100 |
| US Government and agency debt instruments | 3,791,684 | 11,944,415 | 141,764 | 43,608,220 | 1,317,336 | 29,843,650 |
| Corporate, municipal, and international bonds | 5,068,741 | 15,913,378 | 570,123 | 57,718,045 | 1,865,913 | 42,675,197 |
| Cash equivalents | 1,742,241 | 3,263,220 | 154,640 | 25,340,750 | 393,851 | 8,932,340 |
| Commercial paper | 195,080 | 614,931 | 4,018 | 2,081,370 | 66,866 | 1,505,084 |
| Total investments | \$ 56,539,981 | \$ 177,106,736 | \$ 4,300,021 | \$ 592,914,786 | \$ 20,516,742 | \$ 487,194,282 |

**Indiana University Foundation
Notes to the Financial Statements
June 30, 2006 and 2005**

Excerpts from Indiana University Foundation Notes to the Financial Statements:

| | 2005 | | | | | |
|---|----------------------|-----------------------|-------------------------------|-----------------------|-------------------------------|-----------------------|
| | Unrestricted | | Temporarily Restricted | | Permanently Restricted | |
| | Foundation | Agency | Foundation | University | Foundation | University |
| Institutional co-mingled funds | \$ 17,532,507 | \$ 57,088,734 | \$ 398,591 | \$ 178,210,030 | \$ 6,889,301 | \$ 143,085,777 |
| Common, preferred and international stocks | 16,701,188 | 54,664,429 | 1,900,191 | 182,334,088 | 7,060,741 | 147,670,247 |
| Alternative investments | 4,930,728 | 15,560,028 | 108,641 | 29,521,810 | 2,163,148 | 57,600,607 |
| Real estate | 109,038 | 344,126 | 2,402 | 2,935,951 | 47,836 | 2,755,755 |
| Mortgage securities | -0- | -0- | -0- | 5,000 | -0- | 814,210 |
| US Government and agency debt instruments | 3,368,950 | 10,980,836 | 104,647 | 35,444,607 | 1,332,727 | 27,696,571 |
| Corporate, municipal, and international bonds | 4,339,188 | 14,199,243 | 555,508 | 48,992,001 | 1,851,788 | 39,086,246 |
| Cash equivalents | 2,585,737 | 6,155,480 | 206,139 | 21,591,882 | 792,769 | 16,484,967 |
| Commercial paper | 38,860 | 126,553 | 883 | 403,504 | 15,261 | 314,855 |
| Total investments | <u>\$ 49,606,196</u> | <u>\$ 159,119,429</u> | <u>\$ 3,277,002</u> | <u>\$ 499,438,873</u> | <u>\$ 20,153,571</u> | <u>\$ 435,509,235</u> |

Included in the underlying US Government and agency debt instruments are futures, forwards, and option contracts that are considered derivative financial instruments. The carrying values of these derivative financial instruments are adjusted to net fair market value as determined by the Foundation's investment manager. Significant open positions as of June 30, 2006 and 2005 are summarized as follows:

| | 2006 | | 2005 | |
|-----------------------------|---------------------|--|---------------------|--|
| | Notional Par | Net Fair Market Asset (Liability) | Notional Par | Net Fair Market Asset (Liability) |
| Futures: | | | | |
| US Treasury Notes and Bonds | \$ (4,500,000) | \$ (58,523) | \$ (700,000) | \$ (381,649) |
| Eurodollars | 509,000,000 | (1,222,600) | 173,000,000 | (234,900) |
| Forwards: | | | | |
| US Government Agencies | \$ 22,500,000 | \$ 16,172 | \$ 9,600,000 | \$ (14,058) |

The gross and net credit risk associated with the related counterparties on these open futures and forwards positions is insignificant. The market risk for these futures and forwards is directly linked with exchange rates or market interest rates as the underlying securities bear a fixed rate of interest. The futures instruments required \$506,950 and \$358,650 in cash, and \$621,115 and \$477,113 of US Treasury Bills as collateral in a margin maintenance account as of June 30, 2006 and 2005, respectively. The related net gains (losses) generated were \$656,055 and \$(545,741) for the years ended June 30, 2006 and 2005, respectively.

Note 9 - Contingencies and Commitments

As described in Note 2 - Summary of Significant Accounting Policies, the Foundation assumes all risk associated with certain permanent endowment assets and the market and interest rate changes related to the Foundation's investment of these monies. For specific endowments where the market value has declined below the original gift corpus, the Foundation reports a decrease in its unrestricted net assets through a reduction in its investment in securities. This amount totals \$1,353,459 and \$4,201,543 as of June 30, 2006 and 2005, respectively. Subsequent recovery of investment market value has reduced previously accrued deficits with unrestricted amounts reinstated of \$2,848,084 and \$2,106,106, respectively for the years ended June 30, 2006 and 2005.

The Foundation has borrowed \$60,166,428 and \$55,317,178 of temporarily restricted University cash and cash equivalents as of June 30, 2006 and 2005, respectively, and has reported this interfund borrowing as "due to (from)" on the Statement of Financial Position. The Foundation assumes all risk associated with the composition of assets related to the Foundation's reinvestment of the temporarily restricted University monies. These borrowings were used to (1) acquire property, plant and equipment for the benefit of the University, (2) purchase investment securities, and (3) support on-going Foundation operations. Repayment of the borrowings is primarily dependent on the Foundation's ability to (1) generate future appreciation and income from investment securities, (2) receive future revenue from existing property leases arrangements with the University and (3) receive future unrestricted gifts. Management has currently developed initiatives to reduce such borrowings in the future and maintain an appropriate composition of assets to comply with all donor restrictions. However, further investment market value declines and reduced unrestricted giving could require additional borrowings to sustain the Foundation operations in the near term.

Interfund financing of \$9,396,121 and \$14,884,866 as of June 30, 2006 and 2005, respectively, represents amounts financed by the Foundation unrestricted net assets to the agency and temporarily restricted University net assets. The carrying value of interfund financing approximates fair market value, as the borrowing rates currently available to the Foundation are similar to the terms on remaining maturities. Interest rates are variable ranging from 5.59% to 8.00% and 4.56% to 5.75% as of June 30, 2006 and 2005, respectively.

The Foundation's other investments include investments in: (1) private equity such as venture capital and leveraged buyout funds; and (2) absolute return and inflation hedge strategies, including opportunistic real estate and natural resources. The Foundation's asset allocation policy allocates up to 28% in these types of investments. As of June 30, 2006 and 2005, the Foundation has entered into agreements with unfunded commitments of \$195.8 million and \$68.3 million, respectively. These commitments are expected to be fulfilled over the next three to five years.

**Indiana University Foundation
Notes to the Financial Statements
June 30, 2006 and 2005**

Note 10 - Program Expenditures

Program expenditures include support for Foundation and University programs. Foundation programs include: real estate, air transportation services, Student Foundation, cultural center, women's programs and other miscellaneous programs. These University related program expenditures primarily support "Grants and aid to the University" and "Endowment and capital additions." For the years ended June 30, 2006 and 2005, a summary of these expenditures follows:

| Program expenditure: | 2006 | | |
|--|---------------|-----------------------------|---------------|
| | Foundation | Unrestricted University* | Total |
| Foundation programs: | | | |
| Real estate | \$ 1,680,008 | \$ -0- | \$ 1,680,008 |
| Air transportation services | 1,549,520 | -0- | 1,549,520 |
| Student Foundation | 478,427 | -0- | 478,427 |
| Cultural center | 144,911 | -0- | 144,911 |
| Women's programs | 30,415 | -0- | 30,415 |
| Miscellaneous | 59,548 | -0- | 59,548 |
| | 3,942,829 | -0- | 3,942,829 |
| Grants and aid to the University: | | | |
| Operating support: | | | |
| University support | 7,815,243 | 29,268,960 | 37,084,203 |
| Student scholarship and financial aid | 74,575 | 22,585,328 | 22,659,903 |
| Faculty support | 13,465 | 7,512,653 | 7,526,118 |
| Faculty research | -0- | 7,718,557 | 7,718,557 |
| | 7,903,283 | 67,085,498 | 74,988,781 |
| Endowment and capital additions: | | | |
| Land, building and equipment purchases | 107,070 | 16,045,652 | 16,152,722 |
| Library and art acquisitions | 312 | 1,088,896 | 1,089,208 |
| | 107,382 | 17,134,548 | 17,241,930 |
| Total program expenditures | \$ 11,953,494 | \$ 84,220,046 | \$ 96,173,540 |

**Indiana University Foundation
Notes to the Financial Statements
June 30, 2006 and 2005**

| | 2005 | | |
|--|---------------------|-------------------------------------|-----------------------|
| | Foundation | Unrestricted University* | Total |
| Program expenditures: | | | |
| Foundation programs: | | | |
| Real estate | \$ 3,192,024 | \$ -0- | \$ 3,192,024 |
| Air transportation services | 1,401,293 | -0- | 1,401,293 |
| Student Foundation | 463,759 | -0- | 463,759 |
| Cultural center | 141,753 | -0- | 141,753 |
| Women's programs | 49,691 | -0- | 49,691 |
| Miscellaneous | 62,399 | -0- | 62,399 |
| | <u>5,310,919</u> | <u>-0-</u> | <u>5,310,919</u> |
| Grants and aid to the University: | | | |
| Operating support: | | | |
| University support | 2,595,041 | 33,229,302 | 35,824,343 |
| Student scholarship and financial aid | 65,795 | 21,328,526 | 21,394,321 |
| Faculty support | 18,218 | 6,481,658 | 6,499,876 |
| Faculty research | -0- | 81,521,387 | 81,521,387 |
| | <u>2,679,054</u> | <u>142,560,873</u> | <u>145,239,927</u> |
| Endowment and capital additions: | | | |
| Land, building and equipment purchases | 134,572 | 9,518,870 | 9,653,442 |
| Library and art acquisitions | 500 | 624,422 | 624,922 |
| | <u>135,072</u> | <u>10,143,292</u> | <u>10,278,364</u> |
| Total program expenditures | <u>\$ 8,125,045</u> | <u>\$ 152,704,165</u> | <u>\$ 160,829,210</u> |

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

**Indiana University Foundation
Notes to the Financial Statements
June 30, 2006 and 2005**

Note 11 - Related Party Transactions

In addition to amounts and transactions disclosed in the preceding notes and financial statements, the following is a summary of related party transactions. These transactions have been summarized below by financial statement classification as reported in the Statement of Activities.

**Revenue and Support
Other Income**

Included in unrestricted other income is direct support from the University for certain fundraising efforts as well as income from its program operations. For the years ended June 30, 2006 and 2005, respectively, the University reimbursed the Foundation for its direct support of the Matching the Promise Campaign general fund raising efforts in the amount of \$505,297 for both fiscal years 2006 and 2005. As a part of the Foundation program operations, the Foundation received support from the University for the years ended June 30, 2006 and 2005, respectively, as follows: \$2,347,605 and \$2,040,664 of rental income for the lease of certain real estate; \$1,063,364 and \$1,054,703 for Telefund service fees related to its telephone fund raising operations; \$1,143,248 and \$1,036,182 for air transportation services; and \$2,071,511 and \$1,125,047 for management/administrative fees.

Contributions and Promises to Give

The Foundation includes related party contributions in the Statement of Activities and outstanding irrevocable promises to give in the Statement of Financial Position. Related parties include affiliates, board of directors, management, and members of their immediate families.

A summary of Contributions and Promises to Give as of and for the years ended June 30, 2006 and 2005 follows:

| | | |
|------------------|---------------|--------------|
| Contributions | \$ 50,538,801 | \$ 3,558,289 |
| Promises to Give | \$ 39,749,426 | \$ 9,870,603 |

Program Expenditures

The Foundation operates a program to acquire on behalf of, lease to, and/or grant real estate to the University. Included in university support are the net book values of properties granted to the University totaling \$250,047 and \$962,026 for the years ended June 30, 2006 and 2005, respectively. In addition, program costs include maintenance and repair, utilities, insurance and taxes. Income received by the Foundation related to these operations is recorded in other income.



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INDEPENDENT AUDITORS' REPORT

TO: THE OFFICIALS OF INDIANA UNIVERSITY, BLOOMINGTON, INDIANA

We have audited the accompanying basic financial statements of Indiana University, a component unit of the State of Indiana, as of and for the years ended June 30, 2006 and 2005. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the component unit of the University as discussed in Note 1, which represents 100% of the assets and revenues of the discretely presented component unit. The financial statements of this component unit were audited by another auditor whose report thereon has been furnished to us and our opinion, insofar as it relates to this unit, is based upon the report of the other auditor.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana University, as of June 30, 2006 and 2005, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 25, 2006, on our consideration of Indiana University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our audit. This report will be issued in the University's Single Audit report prepared in accordance with OMB Circular A-133.

The Management's Discussion and Analysis (MD&A) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

October 25, 2006

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State Board of Accounts

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for fiscal year ending June 30, 2006

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for fiscal year ending June 30, 2006

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Myles Brand, President Emeritus of the University
Thomas Ehrlich, President Emeritus of the University
John W. Ryan, President Emeritus of the University
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Campus and Vice President for Academic Affairs,
July 1, 2005 - January 31, 2006
Kenneth R. R. Gros Louis, University Chancellor,
effective February 1, 2006
Michael A. McRobbie, Vice President for Research and
Vice President for Information Technology, July 1, 2005
- January 31, 2006
Michael A. McRobbie, Interim Provost and Vice Presi-
dent, Academic Affairs, Bloomington, effective
February 1, 2006

Charles R. Bantz, Vice President for Long Range
Planning and Chancellor, IUPUI, July 1, 2005 -
January 31, 2006

Charles R. Bantz, Executive Vice President and
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D. Craig Brater, Vice President and Dean, Indiana
University School of Medicine, effective January 1,
2006

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Bryan Hall 204
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Bloomington, IN 47405-3085

ADMISSIONS
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Acknowledgements:

The following members of Financial Management Services prepared the *2005-06 Financial Report* and the included financial statements.

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The following members of Financial Management Services assisted in the preparation of the *2005-06 Financial Report* and the included financial statements.

Christina Nikirk, Plant Fund Accountant

Michael Lewis, Manager, Auxiliary Accounting

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The following entities provided data essential in the preparation of the financial statements.

Construction Management

Indiana University Foundation

Office of the Treasurer

Real Estate

Risk Management

Student Information and Fiscal Services

University Architect's Office

University Human Resource Services