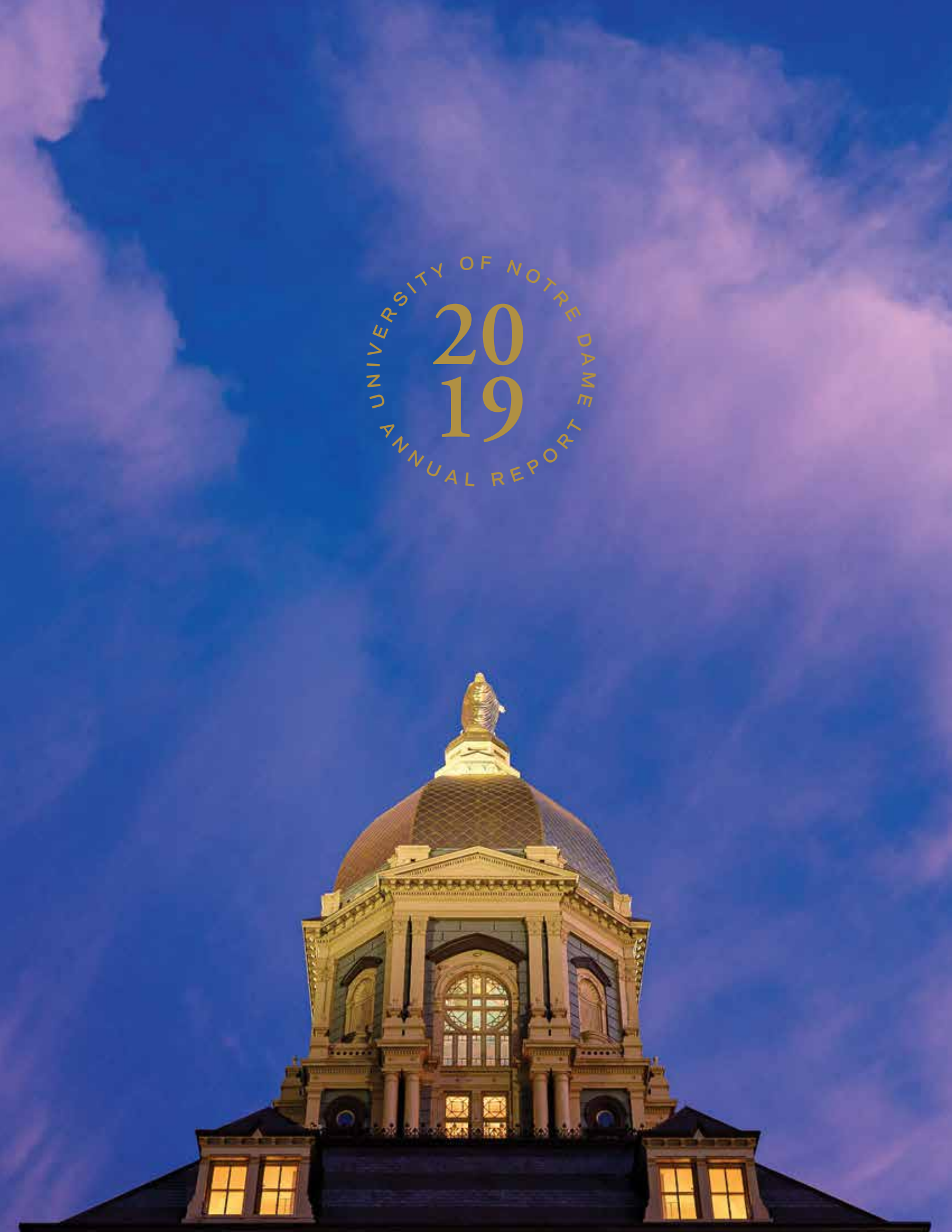
UNIVERSITY OF NOTRE DAME 2019 ANNUAL REPORT



Contents

2019 University of Notre Dame Annual Report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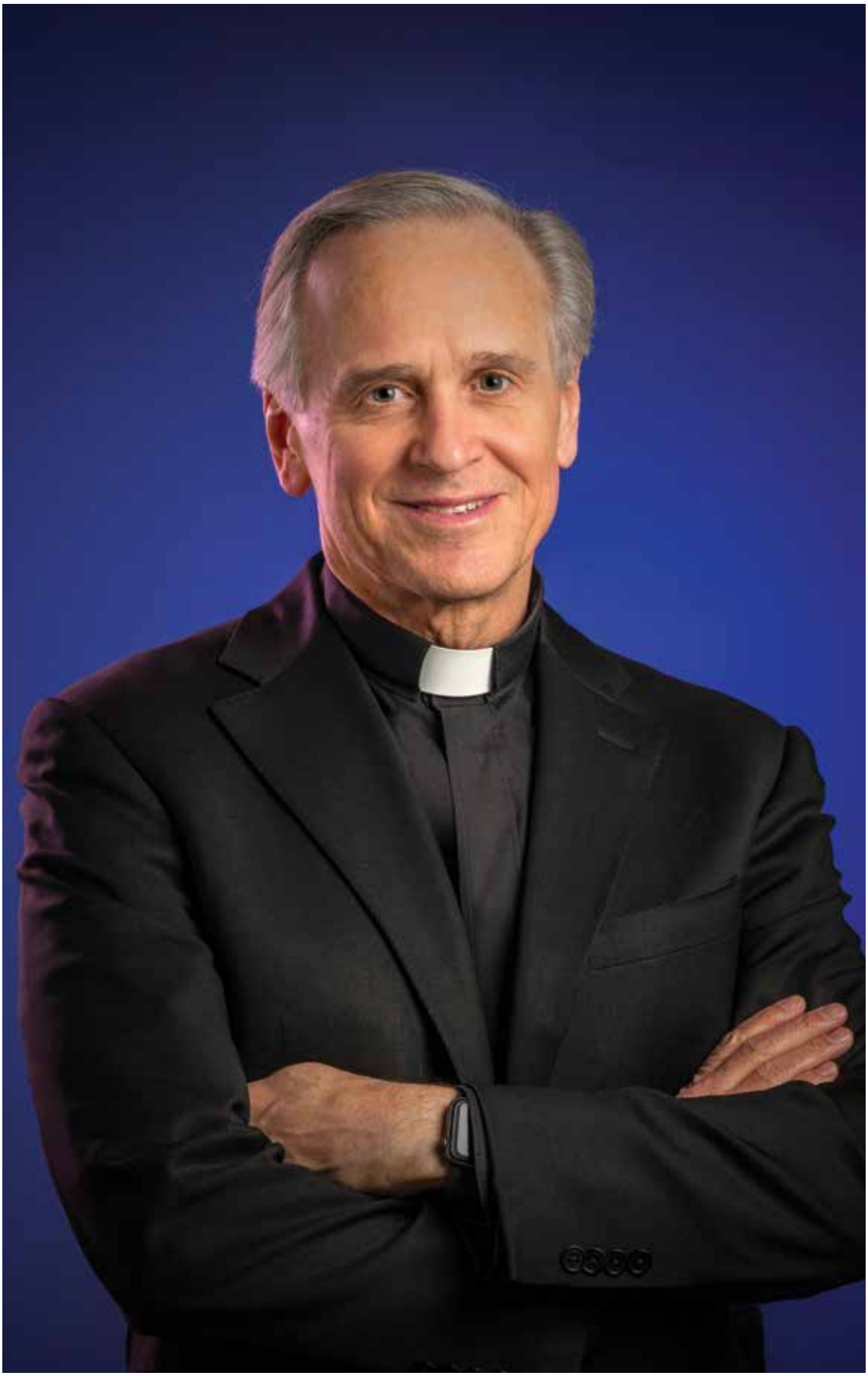
Statistical Highlights

	Academic Years Ending May				
	2019	2018	2017	2016	2015
Students					
Undergraduate	8,617	8,576	8,530	8,462	8,448
Graduate and professional	3,990	3,891	3,863	3,830	3,731
Total fall enrollment	12,607	12,467	12,393	12,292	12,179
Admissions Undergraduate					
Applications	20,371	19,564	19,505	18,157	17,901
Offers of admission	3,608	3,702	3,654	3,595	3,785
Enrolled	2,070	2,051	2,046	2,007	2,011
Selectivity	17.7%	18.9%	18.7%	19.8%	21.1%
Yield	57.4%	55.4%	56.0%	55.8%	53.1%
Graduate School [1] Master's level					
Applications	1,415	1,239	1,157	1,406	1,168
Offers of admission	286	257	171	243	217
Enrolled	190	190	111	151	134
Selectivity	20.2%	20.7%	14.8%	17.3%	18.6%
Yield	66.4%	73.9%	64.9%	62.1%	61.8%
Doctoral level					
Applications	3,628	3,230	3,390	3,617	3,703
Offers of admission	718	690	648	679	645
Enrolled	312	345	301	325	298
Selectivity	19.8%	21.4%	19.1%	18.8%	17.4%
Yield	43.5%	50.0%	46.5%	47.9%	46.2%
Degrees Conferred [2]					
Baccalaureate	2,080	2,173	2,146	2,135	2,128
Master's (includes MBA)	1,129	1,003	1,062	1,058	991
Juris Doctorate	192	206	206	172	180
Doctorate-Research	242	281	239	216	244
Total degrees conferred	3,643	3,663	3,653	3,581	3,543
Undergraduate Tuition Rate	$ 52,884	$ 50,998	$ 49,178	$ 47,422	$ 45,730
Percent increase over prior year	3.7%	3.7%	3.7%	3.7%	3.7%

[1] *Does not include Graduate Architecture, Business, or Law*
[2] *Includes degrees awarded in all categories*



Message from the **President**

Rev. John I. Jenkins, C.S.C.

I am pleased to offer this report on the University of Notre Dame's finances for fiscal year 2019.

It has been a year of great achievement and many successes, thanks to the leadership, innovation, and dedication of many. We were fortunate on July 1 to welcome Shannon Cullinan as our new executive vice president, and he and his team are doing a superb job, as evidenced by the University's robust financial outlook. The University's approach of careful stewardship and planning in times of prosperity for the possibility of an economic downturn has served us well in the past and continues to do so today. I am grateful to Shannon and to Scott Malpass, vice president and chief investment officer, for all that they and their teams do to ensure that our financial resources will remain strong into the future.

For the past 15 years, Notre Dame has been blessed to have as provost a remarkable leader in Thomas Burish. Tom announced this fall that he will step down as provost at the end of this academic year. While Tom's extraordinary accomplishments during his tenure as provost are too numerous to mention, I will cite a few.

Undergraduate education, long one of Notre Dame's strengths, has become even stronger during Tom's provostship as we have enjoyed the greatest gains in our history in the quality and diversity of and financial support for our students. During Tom's tenure, total research and development expenditures at the University have increased from $82 million to $243 million. The University's significant research investments included development in nanotechnology, global health, energy, environment, imaging, and advanced studies. And Notre Dame has strengthened and enhanced partnerships across the globe, including through the establishment of our first new college or school in 100 years, the Keough School of Global Affairs.

Tom would be the first to insist that this progress is due not to him, but to the dedicated and talented faculty at Notre Dame, and to the deans, administrators, and staff who support the University's central work of education and research. It has been my privilege to work closely with Tom over these past 15 years, and I can attest to his insight, clear and consistent sense of priorities, uncompromising standards, and truly tireless work. I am profoundly grateful to Tom for his many contributions and, most especially, for positioning Notre Dame so well as we look forward to the next chapter in the University's history.

I am also deeply grateful to our friends and benefactors whose generosity has allowed the University to recruit the best faculty and students, provide them with excellent facilities and the resources they need, and make increased scholarships and other financial support possible. It is an exciting time for Notre Dame, as we continue to strive to be a force for good as the premier Catholic research university in the world.

Message from the **Executive Vice President**

Shannon B. Cullinan

Notre Dame is built on the extraordinary vision, dedication, and generosity of many who have served and advanced our distinctive mission. Notably, I am indebted to my predecessor, John Affleck-Graves, our Trustees, and others who have established sound fiscal policies, fostered a culture of service, and provided a strong foundation upon which our University flourishes and is blessed.

As stewards of the preeminent Catholic research university, we are steadfastly committed to providing current and future students an unsurpassed undergraduate educational experience and to conducting groundbreaking research that makes a positive difference in the world. We continuously seek to improve our operational efficiencies and ensure the highest and best use of the University's financial, physical, digital, and human resources. These practices, coupled with exceptionally generous benefaction and the strategic management of our Endowment Pool, allow students of all backgrounds to benefit from the gift of a life-changing Notre Dame education. We remain committed to need-blind admissions and our pledge to meet the full, demonstrated financial need of all undergraduate students. This year, nearly one-third of Endowment distributions were allocated to student financial aid.

Although hard hats, cranes, and construction vehicles are perhaps the most visible signs of progress at Notre Dame, they don't fully reveal the thoughtful and carefully planned efforts to enhance our campus. This year, we have been working to faithfully restore and enhance a number of our iconic sacred spaces, residential buildings, and other facilities. During the summer, we completed work to make the Grotto of Our Lady of Lourdes a more beautiful and accessible setting for prayer and reflection. In the spring, we will complete the reconstruction of Corby Hall, home to the priests of the Congregation of Holy Cross, the religious order that founded Notre Dame and continues to play a critical role in its leadership and governance. In August 2019, we opened Baumer Hall, a new men's residence hall, and in August 2020, we will open Johnson Family Hall, a residence hall for women. These are among several significant campus projects that enhance the life of our University community.

Beyond our physical campus, Notre Dame contributes to the vitality and economic growth of our region. Building on the momentum of the Indiana Regional Cities Initiative, Notre Dame received a transformational five-year $42.4 million grant from the Lilly Endowment Inc. in April 2019 to accelerate regional innovation and economic development. We are excited to engage with partners across the region to spur advancements in next-generation manufacturing, entrepreneurship, applied analytics, and technology.

We are deeply grateful for your support. While remaining faithful to its mission, Notre Dame continues to evolve and grow in exciting ways through the many new programs, facilities, and initiatives in which many of you have played an integral part. Ultimately, these efforts serve to enhance the inquiry, scholarship, and community central to the life of Notre Dame.

Investment Review

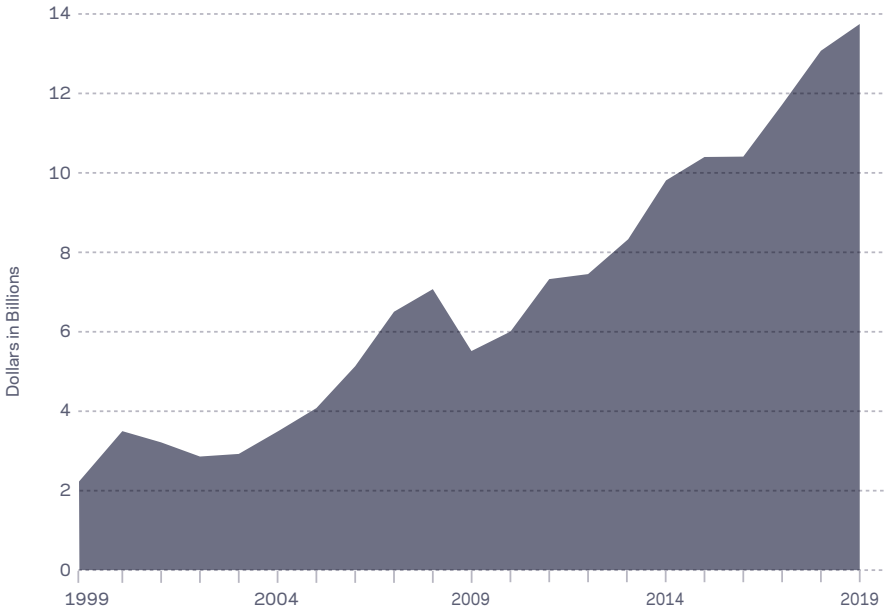
Scott C. Malpass
Vice President and Chief Investment Officer

At the end of fiscal year 2019, the market value of the Notre Dame Endowment Pool grew to $13.78 billion from $13.11 billion at the end of the prior fiscal year. The investment return for the year was 7.2 percent net of investment management fees.

Both public and private markets were generally favorable for the year, although investors experienced pronounced ups and downs and a number of areas of uncertainty. In domestic public markets, similar to past cycles a small number of the largest companies in the US had an outsized positive impact on the returns of some benchmarks. While overseas markets lagged the US, we remain positive about the prospects ahead and the current reasonable valuations in these markets.

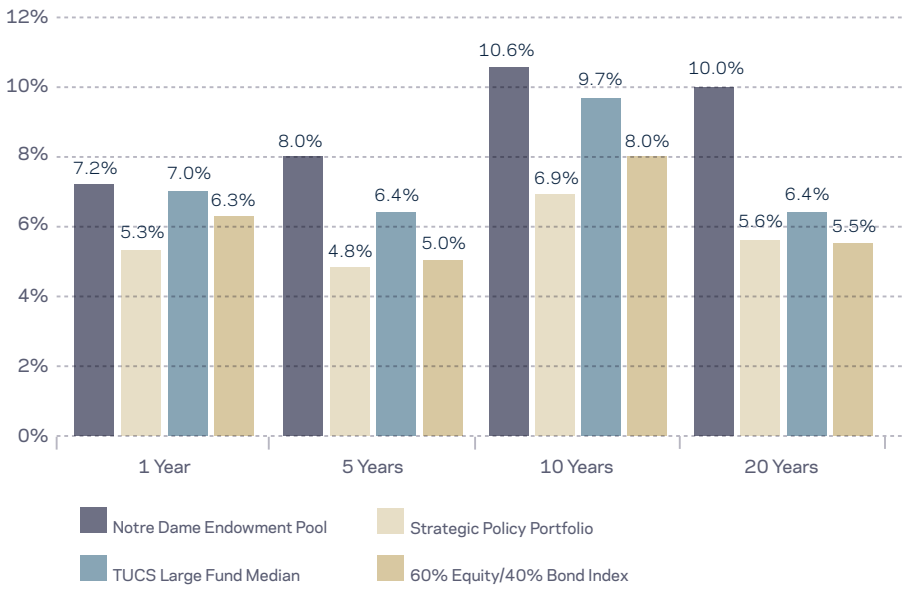
During the year, positive contributors to the Endowment Pool return included venture capital, growth equity and buyout funds, US large cap growth stocks, US investment-grade fixed income, and a basket of real estate investment trusts. More challenging exposures for the year included US small cap and value-oriented equities and emerging markets.

ENDOWMENT POOL MARKET VALUE AS OF JUNE 30



As an endowment intended to fund the University's mission in perpetuity, long-term returns are especially important, as are strategies to dampen volatility in order to maintain spending and plan prudent budgets over the course of many years. Indeed, a long-term investment horizon, the stability of our team and philosophy, a strong institutional brand and good governance are significant advantages for our investment program at Notre Dame. The strong investment performance of the Endowment Pool for the fiscal year and over longer-term periods is shown in the chart to the right compared to benchmarks.

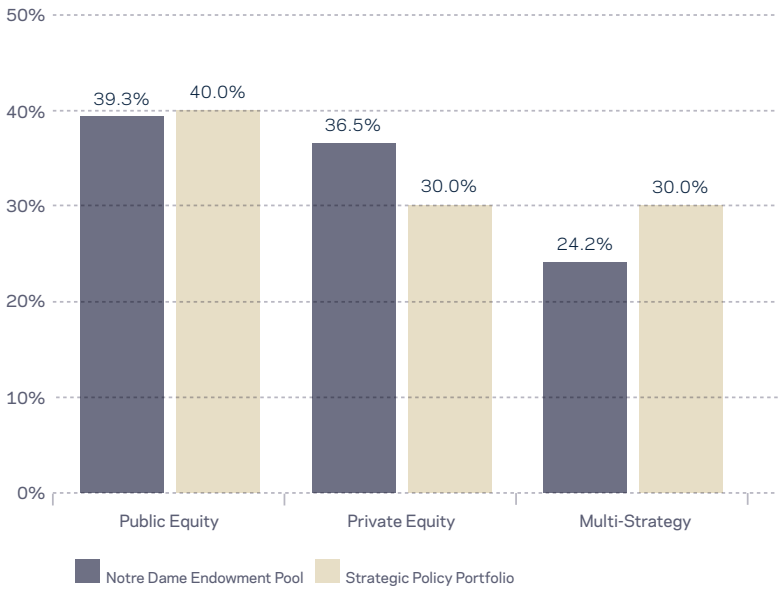
ENDOWMENT POOL INVESTMENT PERFORMANCE (ANNUALIZED RETURNS NET OF FEES) PERIODS ENDED JUNE 30, 2019



Notre Dame Endowment Pool returns are net of (reduced by) investment managers' fees. The Strategic Policy Portfolio is Notre Dame's internal benchmark consisting of indices representative of the target investment portfolio. The Trust Universe Comparison Service (TUCS) Large Fund Median is a compilation of returns of endowment, pension and foundation investors greater than $1 billion and thus provides a basis for comparison to the performance of large institutional investors generally. The 60/40 mix is an index blend of stocks/bonds as represented by the MSCI All Country World Investable Index and the Barclays Capital U.S. Aggregate Bond Index and thus is a measure of performance compared to a more traditional or retail portfolio.

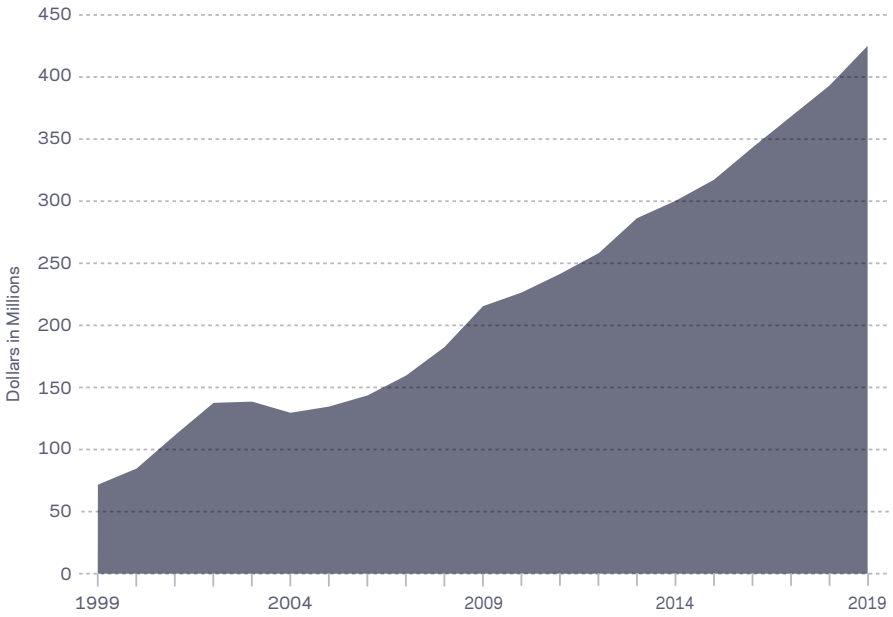
The investment portfolio remains anchored by equities in both the public and private markets, with all areas highly diversified. More cyclical assets in the multi-strategy portfolio provide exposure to a variety of other strategies and risk-reducing approaches with return streams less correlated to the equity markets.

ENDOWMENT POOL ASSET ALLOCATION AS OF JUNE 30, 2019



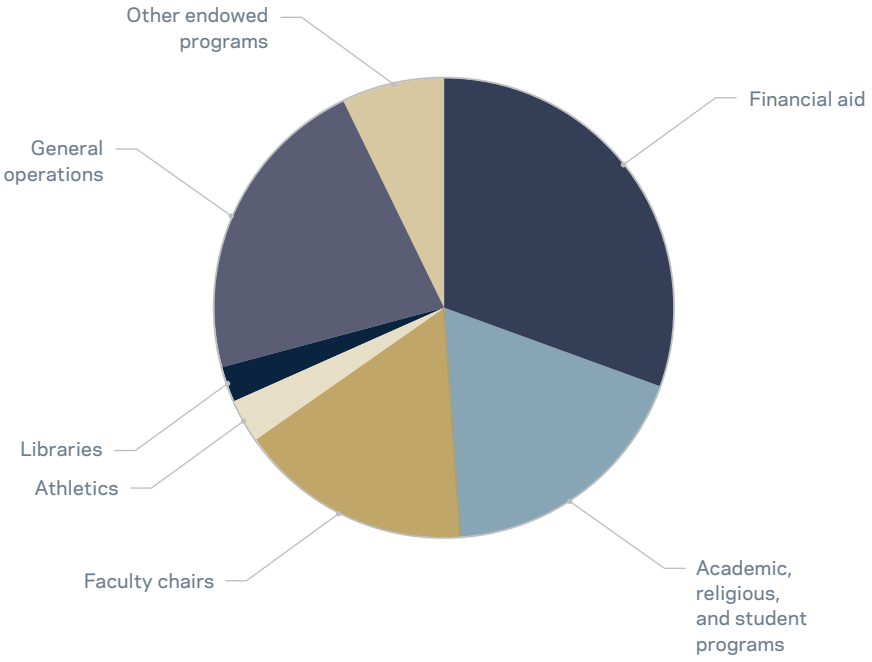
Financial aid for Notre Dame students remains the largest area of spending from the Endowment, with all areas of campus life benefiting. Endowment spending overall during the fiscal year equated to 27 percent of the University's expenditures. Spending amounted to $426 million, up 8.4 percent from $393 million the prior year. Growth in annual spending over the last 20 years is shown in the accompanying chart. Annual spending in fiscal 2019 was six times the amount of spending 20 years ago.

ENDOWMENT SPENDING HISTORY
FISCAL YEARS ENDED JUNE 30



We all know there are many special things happening at Notre Dame every day, made possible by the generosity of our many loyal alumni and friends. A sound investment program and prudent spending practices ensure this generosity will continue to provide the resources necessary for the University to thrive.

ENDOWMENT SPENDING PURPOSES
YEAR ENDED JUNE 30, 2019



University Highlights

1

Notre Dame, Vatican sponsor energy summit

Pope Francis sought Notre Dame's help in co-sponsoring with the Vatican a historic summit in Rome called "The Energy Transition and Care for Our Common Home." Pope Francis addressed executives from among the world's leading energy producers and investors, saying: "Dear friends, time is running out! Deliberations must go beyond mere exploration of what *can* be done, and concentrate on what *needs* to be done, starting today. We do not have the luxury of waiting for others to step forward, or of prioritizing short-term economic benefits. The climate crisis requires our decisive action, here and now, and the Church is fully committed to playing her part." Rev. John I. Jenkins, C.S.C., noted: "Collectively, these leaders will influence the planet's future, perhaps more than any in the world. I am deeply grateful for their commitment to the transition to a low-carbon future while providing the energy needed to support the integral human development of every member of the human family." Most participants signed statements of support for carbon pricing and disclosures on climate change risk.

2

A bright IDEA

In just its first year, the IDEA Center at Innovation Park launched 27 companies, nearly equaling the number of startups, 33, in the University's history. To qualify as a startup, companies must be licensed as a business, have a business plan and management team, and have completed the IDEA Center's "de-risking" process, which assesses innovative ideas for their market potential. The 27 startups include companies involved in health care, information technology, law, and media. Collectively, they raised more than $4 million in investments or grants, created 83 new jobs, launched 23 products, and generated more than $500,000 in sales. Thirty-one of the 55 startup company founders were Notre Dame students.

27
IDEA CENTER STARTUPS

$4M
IN INVESTMENTS/ GRANTS

23
PRODUCTS LAUNCHED

3

A "great" place to work

For the seventh time in a decade, the *Chronicle of Higher Education* recognized Notre Dame in its "Great Colleges to Work For" survey. The University ranked among the best American research universities in nine categories: compensation and benefits; confidence in senior leadership; facilities, workspace, and security; job satisfaction; respect and appreciation; supervisor/department chair relationship; teaching environment (for faculty); tenure clarity and process (for faculty); and work/life balance.

4

ND Press publishes Solzhenitsyn memoir

Notre Dame Press published the first English translation of the Nobel Prize-winning Russian writer Aleksandr Solzhenitsyn's memoir *Between Two Millstones, Book 1: Sketches of Exile, 1974–1978*. Widely regarded as one of the most important authors of the 20th century, Solzhenitsyn won the Nobel for literature in 1970, and his 1973 masterpiece *The Gulag Archipelago* exposed the system of forced labor camps in the Soviet Union. His son, Ignat, a renowned conductor and pianist, spoke at a Notre Dame conference to celebrate the book's launch.

Foto ©Vatican Media

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University Highlights

5

A top Fulbright producer

Notre Dame is among just 11 institutions to be named a top producer for both the Fulbright U.S. Student and Scholar Programs for the 2018–19 academic year, a first for the University. Notre Dame was tied for seventh among all research institutions in Fulbright student grants with 24, ahead of Harvard, Columbia, Stanford, and Duke, and tied for eighth in Fulbright scholar grants with six. This is the fifth consecutive year that Notre Dame has ranked among the top producers for the Student Program, which is the government's flagship international exchange program.

6

Forum examines Catholicism and the arts

The 2018–19 Notre Dame Forum, "The Catholic Artistic Heritage: Bringing Forth Treasures New and Old," was inspired by the New Testament parable that compares the Kingdom of Heaven to the owner of a household who shares treasures both ancient and current. Among the forum's speakers were the Pulitzer Prize–winning novelist Marilynne Robinson, renowned theologian and former Archbishop of Canterbury Rowan Williams, and the acclaimed filmmaker Wim Wenders, who screened his newest documentary, *Pope Francis: A Man of His Word.*

7

Research awards surpass $180 million

Notre Dame researchers received $180.6 million in research awards—$100 million more than a decade ago and a more than 27 percent increase from the previous year. The awards are supporting a diverse array of projects that tackle globally significant issues such as vector-borne diseases, cancer, psychology, nanotechnology, and hypersonics. The largest award was $21.5 million—part of a larger $42.4 million, five-year commitment—from Lilly Endowment Inc. for the formation of the Labs for Industry Futures and Transformation (LIFT) Network, an initiative to enhance and link cutting-edge expertise, technologies, workforce development programs, and innovation-based facilities throughout the South Bend–Elkhart region.

8

Sustained momentum

The University unveiled several energy-related projects that are a part of its ambitious plan to discontinue the use of coal and cut its carbon footprint in half by 2030. The initiatives include the installation of three solar arrays, construction of a 30,000-square-foot East Plant for thermal energy production, the groundbreaking on a hydroelectric generation facility on the dam in the St. Joseph River in downtown South Bend, a new natural gas line into campus, two new combustion gas turbines, and green roofs on the Morris Inn, Duncan Student Center, Corbett Family Hall, O'Neill Hall, and Joyce Center, the latter of which is the largest in the state. The projects made it possible for Notre Dame to discontinue the use of coal in its power plant a year ahead of schedule. Despite the growth of campus, the University has decreased carbon dioxide emissions by 50 percent per gross square foot based on 2005 levels, and aspires to reduce emissions by 83% by 2050.

$180.6M
RESEARCH AWARDS RECEIVED

27%
INCREASE FROM PREVIOUS YEAR

$21.5M
LARGEST RESEARCH AWARD

$42.4M
FIVE-YEAR COMMITMENT FROM LILLY ENDOWMENT INC.

6

6

6

50%

REDUCTION IN CO_2 EMISSIONS PER GROSS SQUARE FOOT

8

8

University Highlights

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Notre Dame Award goes international

University President Rev. John I. Jenkins, C.S.C., presented both the 2018 and 2019 Notre Dame Awards within a span of eight months. In October, the 2018 award recognized the Colectivo Solecito de Veracruz, a group of mothers in Mexico's gulf state of Veracruz, organized to search for their missing loved ones in the face of criminal violence and state inactivity. Father Jenkins traveled to Lviv, Ukraine, in June to honor Ukrainian Catholic Archbishop Borys Gudziak with the 2019 Notre Dame Award for his work for religious and academic freedom, and for his courageous and visionary leadership of the first Catholic university established in the territory of the former Soviet Union.

10

From DC to ND

Former Speaker of the US House of Representatives Paul Ryan joined the Notre Dame faculty as a professor of the practice as a guest lecturer in political science and economics. Other recent professor-of-the-practice appointees are former US Sen. Joe Donnelly and former White House Chief of Staff Denis McDonough. Like Ryan, they bring experience at the senior-most levels of government, providing Notre Dame students with firsthand knowledge and insights that are difficult to find elsewhere.

11

Father Ted on the big screen

A new documentary profiling the remarkable life and legacy of the late Notre Dame President Rev. Theodore M. Hesburgh, C.S.C., played in theaters nationwide. Directed by Notre Dame alumnus Patrick Creadon '89, *Hesburgh* details Father Ted's role as the University's president from 1952 to 1987, his work as a charter member of the U.S. Commission on Civil Rights as well as his contributions to 15 other presidential commissions, and his service to four popes and the Catholic Church. The 104-minute film was produced by Jerry Barca, a 1999 Notre Dame alumnus, and Christine O'Malley and includes interviews with Father Hesburgh's successors, Rev. Edward A. Malloy, C.S.C., and Rev. John I. Jenkins, C.S.C., as well as many other campus, national, and worldwide leaders.

12

High honor for two faculty members

Two Notre Dame faculty members —Declan Kiberd and Dianne Pinderhughes—were elected to the American Academy of Arts and Sciences, joining 25 others from Notre Dame in one of the nation's oldest and most prestigious learned societies and independent policy research centers. Kiberd, the Donald and Marilyn Keough Professor of Irish Studies and professor of English, is a major figure in the field of Irish studies. Pinderhughes, chair of the Department of Africana Studies and a professor in the Department of Political Science, analyzes racial, ethnic, and gender issues associated with political participation in the American political system, and in comparative perspective. Since its founding during the American Revolution by John Adams, James Bowdoin, John Hancock, and other scholar-patriots, the academy has elected leading "thinkers and doers" from each generation, including George Washington and Benjamin Franklin in the 18th century, Daniel Webster and Ralph Waldo Emerson in the 19th, and Albert Einstein and Winston Churchill in the 20th.

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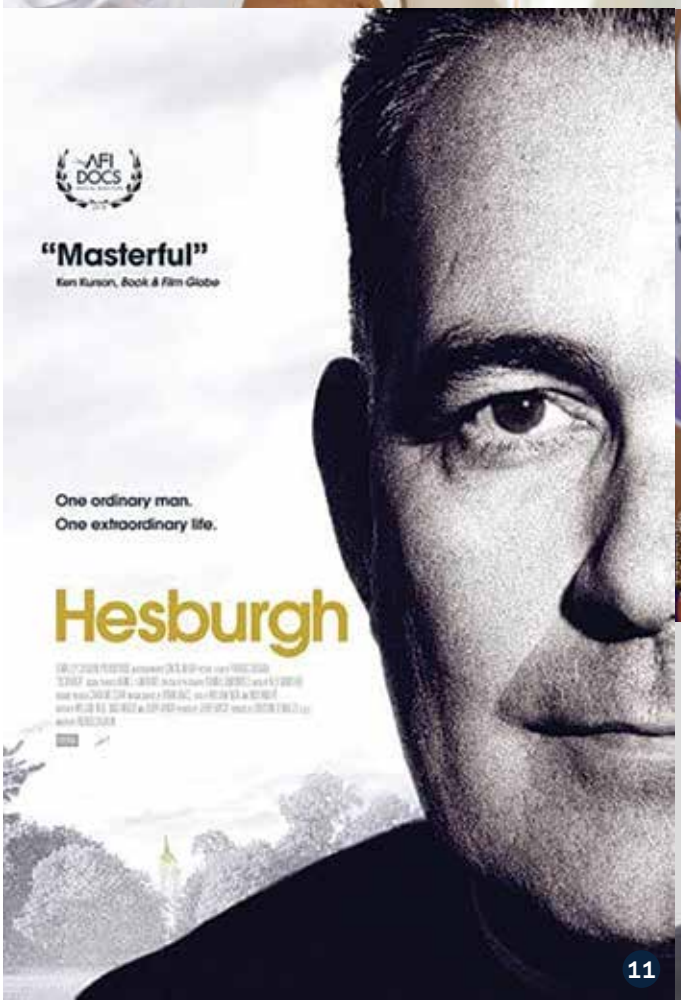
AFI DOCS
"Masterful"
Ken Kurson, Book & Film Globe
One ordinary man.
One extraordinary life.
Hesburgh

11

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University Highlights

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Familiar faces in new places

The retirement of Executive Vice President John Affleck-Graves brought about some realignment in the administration of the University. Shannon Cullinan, formerly vice president for finance, succeeded Affleck-Graves, and Trent Grocock, associate vice president for financial planning and analysis, succeeded Cullinan. Mike Seamon, formerly vice president for campus safety, added operations to his portfolio. Micki Kidder, an associate vice president in University Relations, was appointed vice president for University enterprises and events, and Ann Firth, chief of staff to the president, added vice president to her title.

14

A stormy, but inspiring, send-off

Notre Dame's 174th University Commencement Ceremony was moved at the last minute from Notre Dame Stadium to the Joyce Center due to inclement weather. The Class of 2019 heard from commencement speaker Peggy Noonan, a Pulitzer Prize-winning author, columnist, and former presidential speechwriter; Laetare Medalist Norman Francis, the former president of Xavier University in New Orleans who has previously received two honorary degrees from Notre Dame; valedictorian Sofia Carozza of South Bend; and salutatorian and St. Louis native Annelise Gill-Wiehl, who delivered the invocation. It was the first time in Notre Dame's history that the commencement speaker, valedictorian, and salutatorian were all women.

15

Making an impact locally

The University conducts an economic impact study every five years, seeking to quantify its impact on the region through operational and capital investments; research spending; spending by students, visitors, and event attendees; and increased wage premium. The latest iteration of the study, released in October 2018, found Notre Dame's impact on the local economy is $2.46 billion annually. Previous studies have focused on South Bend and St. Joseph County. With the University's growing partnerships through the broader region, the 2018 report expanded its reach to measure Notre Dame's effect on Elkhart and Marshall counties also.

$2.46B

ANNUAL IMPACT ON LOCAL ECONOMY


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Consolidated Financial Statements

Report of Independent Auditors

To the Board of Trustees

University of Notre Dame du Lac

We have audited the accompanying consolidated financial statements of the University of Notre Dame du Lac and its subsidiaries (the "University"), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of changes in net assets, of functional expenses and of cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the University of Notre Dame du Lac and its subsidiaries as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, the University changed the manner in which it presents net assets and reports certain aspects of its consolidated financial statements as a not-for-profit entity in 2019. Our opinion is not modified with respect to this item.

PricewaterhouseCoopers LLP

Chicago, Illinois
November 14, 2019

Consolidated Statements of Financial Position

(in thousands)

	As of June 30	
	2019	**2018**
Assets		
Cash and cash equivalents	$ 147,634	$ 75,658
Accounts receivable, net (*Note 3*)	69,899	60,252
Deferred charges and other assets (*Note 4*)	44,083	47,354
Contributions receivable, net (*Note 5*)	541,065	578,441
Notes receivable, net (*Note 6*)	23,796	25,365
Investments (*Note 7*)	13,999,087	13,387,347
Land, buildings and equipment, net of accumulated depreciation (*Note 8*)	2,517,801	2,400,339
TOTAL ASSETS	$ 17,343,365	$ 16,574,756
Liabilities		
Accounts payable (*Note 8*)	$ 51,743	$ 71,705
Short-term borrowing (*Note 9*)	156,723	151,475
Deferred revenue and refundable advances (*Note 10*)	167,070	140,500
Deposits and other liabilities (*Note 11*)	250,176	215,671
Liabilities associated with investments (*Note 7*)	1,577,461	1,474,606
Obligations under split-interest agreements (*Note 17*)	189,642	185,098
Bonds and notes payable (*Note 12*)	1,111,577	1,112,441
Pension and other postretirement benefit obligations (*Note 14*)	120,955	102,899
TOTAL LIABILITIES	3,625,347	3,454,395
Net Assets		
Without donor restrictions (*Note 15*)	6,094,169	5,844,129
With donor restrictions (*Note 15*)	7,623,849	7,276,232
TOTAL NET ASSETS	13,718,018	13,120,361
TOTAL LIABILITIES AND NET ASSETS	$ 17,343,365	$ 16,574,756

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

(in thousands)

	Years ended June 30			
	Without donor restrictions	*With donor restrictions*	**2019** *Total*	**2018** *Total*
Operating Revenues and Other Additions				
Net tuition and fees (*Note 18*)	$ 341,355	$ -	$ 341,355	$ 329,119
Grants and contracts (*Note 19*)	146,791	-	146,791	140,219
Contributions	48,908	55,730	104,638	99,911
Accumulated investment return distributed (*Note 7*)	141,623	256,908	398,531	370,943
Sales and services of auxiliary enterprises (*Note 20*)	307,180	-	307,180	271,566
Other sources	64,680	-	64,680	56,519
TOTAL OPERATING REVENUES	1,050,537	312,638	1,363,175	1,268,277
Net assets released from restrictions (*Note 15*)	290,986	(290,986)	-	-
TOTAL OPERATING REVENUES AND OTHER ADDITIONS	1,341,523	21,652	1,363,175	1,268,277
Operating Expenses	(1,345,338)	-	(1,345,338)	(1,253,476)
INCREASE/(DECREASE) IN NET ASSETS FROM OPERATIONS	(3,815)	21,652	17,837	14,801
Non-Operating Changes in Net Assets				
Contributions	9,944	201,570	211,514	391,488
Investment return (*Note 7*)	357,838	447,923	805,761	1,247,681
Accumulated investment return distributed (*Note 7*)	(141,623)	(256,908)	(398,531)	(370,943)
Net gain/(loss) on debt-related derivative instruments (*Note 13*)	(24,710)	-	(24,710)	4,424
Net assets released from restrictions (*Note 15*)	68,874	(68,874)	-	-
Pension and postretirement benefits-related changes:				
Net periodic benefit costs (*Note 14*)	(2,851)	-	(2,851)	(5,402)
Other changes (*Note 14*)	(19,685)	-	(19,685)	28,793
Change in value of split-interest agreements (*Note 17*)	(214)	9,664	9,450	6,290
Capital asset contribution to religious affiliate	-	-	-	(29,300)
Other non-operating changes	6,282	(7,410)	(1,128)	7,119
INCREASE IN NET ASSETS FROM NON-OPERATING ACTIVITIES	253,855	325,965	579,820	1,280,150
INCREASE IN NET ASSETS	250,040	347,617	597,657	1,294,951
NET ASSETS BEGINNING OF YEAR	5,844,129	7,276,232	13,120,361	11,825,410
NET ASSETS END OF YEAR	$ 6,094,169	$ 7,623,849	$ 13,718,018	$ 13,120,361

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

(in thousands)

	Year ended June 30		
	Without donor restrictions	*With donor restrictions*	**2018** *Total*
Operating Revenues and Other Additions			
Net tuition and fees (*Note 18*)	$ 329,119	$ -	$ 329,119
Grants and contracts (*Note 19*)	140,219	-	140,219
Contributions	44,729	55,182	99,911
Accumulated investment return distributed (*Note 7*)	121,006	249,937	370,943
Sales and services of auxiliary enterprises (*Note 20*)	271,566	-	271,566
Other sources	56,519	-	56,519
TOTAL OPERATING REVENUES	963,158	305,119	1,268,277
Net assets released from restrictions (*Note 15*)	268,362	(268,362)	-
TOTAL OPERATING REVENUES AND OTHER ADDITIONS	1,231,520	36,757	1,268,277
Operating Expenses	(1,253,476)	-	(1,253,476)
INCREASE/(DECREASE) IN NET ASSETS FROM OPERATIONS	(21,956)	36,757	14,801
Non-Operating Changes in Net Assets			
Contributions	29,182	362,306	391,488
Investment return (*Note 7*)	567,932	679,749	1,247,681
Accumulated investment return distributed (*Note 7*)	(121,006)	(249,937)	(370,943)
Net gain on debt-related derivative instruments (*Note 13*)	4,424	-	4,424
Net assets released from restrictions (*Note 15*)	169,241	(169,241)	-
Pension and postretirement benefits-related changes:			
Net periodic benefit costs (*Note 14*)	(5,402)	-	(5,402)
Other changes (*Note 14*)	28,793	-	28,793
Change in value of split-interest agreements (*Note 17*)	(354)	6,644	6,290
Capital asset contribution to religious affiliate	(29,300)	-	(29,300)
Other non-operating changes	9,671	(2,552)	7,119
INCREASE IN NET ASSETS FROM NON-OPERATING ACTIVITIES	653,181	626,969	1,280,150
INCREASE IN NET ASSETS	631,225	663,726	1,294,951
NET ASSETS BEGINNING OF YEAR	5,212,904	6,612,506	11,825,410
NET ASSETS END OF YEAR	$ 5,844,129	$ 7,276,232	$ 13,120,361

See accompanying notes to consolidated financial statements.

Consolidated Statements of Functional Expenses

(in thousands)

Years ended June 30

	Salaries & wages	Benefits	Supplies & services	Depreciation (Note 8)	Interest	2019 Total
Operating Expenses						
Academic programs and research	$ 395,318	$ 104,902	$ 232,122	$ 53,172	$ 26,205	$ 811,719
Auxiliary enterprises	90,756	31,438	111,797	35,273	9,024	278,288
General administration	88,565	45,804	54,598	6,415	7,008	202,390
Fundraising	24,739	7,960	18,114	206	1,922	52,941
TOTAL OPERATING EXPENSES	599,378	190,104	416,631	95,066	44,159	1,345,338
Non-operating expenses						
Net periodic benefit costs (*Note 14*)	-	2,851	-	-	-	2,851
Expenses of consolidated company	-	-	7,413	1,749	1,813	10,975
TOTAL EXPENSES	$ 599,378	$ 192,955	$ 424,044	$ 96,815	$ 45,972	$ 1,359,164

	Salaries & wages	Benefits	Supplies & services	Depreciation (Note 8)	Interest	2018 Total
Operating Expenses						
Academic programs and research	$ 377,187	$ 102,209	$ 228,624	$ 47,268	$ 25,225	$ 780,513
Auxiliary enterprises	87,227	30,579	87,208	29,302	9,458	243,774
General administration	69,032	45,948	48,739	5,572	6,367	175,658
Fundraising	24,904	7,850	18,943	247	1,587	53,531
TOTAL OPERATING EXPENSES	558,350	186,586	383,514	82,389	42,637	1,253,476
Non-operating expenses						
Net periodic benefit costs (*Note 14*)	-	5,402	-	-	-	5,402
Capital asset contribution to religious affiliate	-	-	29,300	-	-	29,300
Expenses of consolidated company	-	-	6,705	1,665	1,851	10,221
TOTAL EXPENSES	$ 558,350	$ 191,988	$ 419,519	$ 84,054	$ 44,488	$ 1,298,399

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(in thousands)

	Years ended June 30	
	2019	**2018**
Cash Flows from Operating Activities		
Increase in net assets	$ 597,657	$ 1,294,951
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Net gain on investments	(729,613)	(1,205,899)
Contributions for long-term investment	(154,114)	(220,707)
Contributed securities	(92,553)	(116,808)
Proceeds from sales of securities contributed for operations	8,457	14,557
Depreciation	96,815	84,054
Loss on disposal of land, buildings and equipment	6,298	3,141
Change in contributions receivable	37,376	(51,450)
Change in value of split-interest agreements	(9,450)	(6,290)
Change in pension and other postretirement benefit obligations	18,056	(31,001)
Changes in operating assets and liabilities:		
Accounts receivable, deferred charges and other assets	(6,376)	21,500
Accounts payable, deferred revenue and refundable advances, and deposits and other liabilities	60,274	14,679
Other, net	5,624	2,098
NET CASH USED BY OPERATING ACTIVITIES	(161,549)	(197,175)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	7,187,442	5,301,620
Purchases of investments	(6,960,430)	(5,308,705)
Purchases of land, buildings and equipment	(239,252)	(309,428)
Student and other loans granted	(3,115)	(3,217)
Student and other loans repaid	5,856	7,078
NET CASH USED BY INVESTING ACTIVITIES	(9,499)	(312,652)
Cash Flows from Financing Activities		
Investment income restricted for non-operational purposes	3,299	2,208
Contributions for long-term investment	168,211	233,471
Proceeds from sales of securities contributed for long-term investment	83,993	97,031
Proceeds from short-term borrowing	1,937,560	2,058,353
Repayment of short-term borrowing	(1,932,312)	(2,153,127)
Payments to beneficiaries of split-interest agreements	(14,912)	(15,222)
Proceeds from bonds issued	-	398,689
Repayment of bonds and notes	(864)	(153,594)
Return of government advances for student loans	-	(7,324)
Cash accepted for investment on behalf of religious affiliates	22,083	73,167
Cash returned to religious affiliates	(24,034)	(28,422)
NET CASH PROVIDED BY FINANCING ACTIVITIES	243,024	505,230
NET CHANGE IN CASH AND CASH EQUIVALENTS	71,976	(4,597)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	75,658	80,255
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 147,634	$ 75,658
Supplemental Data		
Interest paid	$ 45,822	$ 41,839

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(All amounts in thousands)

NOTE 1.
Summary of Significant Accounting Policies

BASIS OF PRESENTATION

The University of Notre Dame du Lac is a private Catholic research university. The accompanying consolidated financial statements include the assets and operations of certain other entities under the financial control of the University of Notre Dame du Lac. The University of Notre Dame du Lac and entities included herein are referred to individually and collectively as the "University."

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The consolidated financial statements reflect the activities of the University as a whole and present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions—Net assets not subject to donor-imposed restrictions and available for any purpose consistent with the University's mission. Revenues from grants and contracts subject to conditions and purpose restrictions are recognized within changes in net assets without donor restrictions in the period in which those conditions and restrictions are met. Other revenues are generally reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Investment returns generated by funds functioning as endowment and other sources are also classified as changes in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Operating expenses are reported as decreases in net assets without donor restrictions.

Net Assets With Donor Restrictions—Net assets which are either required to be maintained in perpetuity by donors or are subject to donor-imposed purpose restrictions that must be met by actions of the University and/or passage of time. Net assets subject to donor-imposed restrictions requiring they be maintained in perpetuity are generally restricted to long-term investment and are comprised primarily of donor-restricted endowment funds. Subject to the University's endowment spending policy, investment returns on perpetually restricted endowment funds are generally available for appropriation to support operational needs as specified by donor restriction. Contributed assets with a non-perpetual restriction normally fund specific expenditures of an operating or capital nature. Unconditional restricted contributions or investment returns received and expended within the same fiscal period are reported as increases in net assets with donor restrictions and net assets released from restrictions, respectively.

Notes to Consolidated Financial Statements

(All amounts in thousands)

The University's measure of operations presented in the consolidated statements of changes in net assets includes revenues from tuition and fees, grants and contracts, contributions for operations, accumulated investment return distributed under the University's spending policy, and revenues from auxiliary enterprises and other sources, such as licensing and conferences. Operating expenses are summarized in the consolidated statements of functional expenses by natural classification and functional categories. Costs incurred in direct support of the University's primary mission, including those for instruction, research, public service, academic support, and student services are reflected within the *academic programs and research* functional category. Interest from taxable bonds and other debt is allocated to functional categories based on the proportion of expenses charged directly to each function prior to allocating costs for operations and maintenance of plant. Interest from tax-exempt bonds is allocated to functional categories based on the square footage occupancy of the related facilities. Costs for operations and maintenance of plant and depreciation are allocated to functional categories based primarily on square footage occupancy.

Non-operating activities presented in the consolidated statements of changes in net assets include contributions designated by the University or restricted by donors for endowment or investment in buildings and equipment, investment return in excess of or less than the amount distributed for operations under the spending policy, any gains or losses on debt-related derivative instruments, and certain pension and postretirement benefits-related changes in net assets. Other non-operating changes in net assets include the net activities of the consolidated limited liability company described in *Note 7* and *Note 12*, the effect of changes in donor intent with respect to endowment and other funds, and other activities considered unusual or non-recurring in nature. Non-operating net assets released from restrictions generally reflect the expenditure of net assets restricted to investment in buildings and equipment and other expirations of term restrictions.

NET TUITION AND FEES

Tuition and fees for instruction and other educational services, net of scholarships and fellowships, are substantially billed and collected prior to the end of each semester. Revenues are earned and recognized over the course of each semester as educational services are delivered. Accounts receivable from students are typically insignificant at the end of each fiscal year.

Tuition scholarships and fellowships

As reflected in *Note 18*, student financial aid in the form of undergraduate scholarships, athletics grants-in-aid, and graduate and professional fellowships is reflected as contra-tuition revenue in the consolidated statements of changes in net assets.

Notes to Consolidated Financial Statements

(All amounts in thousands)

GRANTS AND CONTRACTS

Grants for basic research and other sponsored programs are generally subject to restrictions and conditions that must be met before the University is entitled to funding. Accordingly, advances from granting agencies are generally considered refundable in the unlikely event specified services are not performed. The University recognizes revenues on grants for basic research and other sponsored programs as the awards for such programs are expended, since expenditure in accordance with award terms typically results in the simultaneous release of restrictions and conditions imposed by the grantor. Revenue from exchange contracts for applied research is recognized as the University's contractual performance obligations are substantially met. Indirect cost recovery by the University on U.S. government grants and contracts is based upon a predetermined negotiated rate and is recorded as grants and contracts revenue.

AUXILIARY ENTERPRISES

The University's auxiliary enterprises consist principally of intercollegiate athletics and enterprises that provide goods and services to the campus community, such as residence and dining halls, retail food services, a campus hotel, and event management services. These enterprises are managed as self-supporting activities. Revenues and expenses from auxiliary enterprises are reported as changes in net assets without donor restrictions.

Certain auxiliary revenues arise from contracts. Revenues from intercollegiate athletics ticket sales, media rights, licensing and royalties and other contracts are received and recognized concurrent with event-based obligations or the passage of contract terms, but typically within the fiscal year. However, season ticket proceeds received prior to the report date for events scheduled in the upcoming fiscal year are recorded as deferred revenue and recognized as the associated events are completed. Charges to students for campus residence, dining and laundry services are substantially billed and collected prior to the end of each semester. Associated revenues are earned and recognized over the course of each semester as these services are delivered. Revenues are reported net of scholarships and fellowships allocated to room and board, the total of which is insignificant. Accounts receivable from students are typically insignificant at the end of each fiscal year. Revenues generated by on-campus event management, including those from hosting concerts and professional sporting events, are recognized as event-based obligations are fulfilled. Associated contract-related liabilities at year end are insignificant.

CASH AND CASH EQUIVALENTS

Resources invested in money market funds, overnight reverse repurchase agreements and other short-term investments with maturities at date of purchase of three months or less are classified as cash equivalents, except that any such investments purchased by external investment managers are classified as investments. Overnight reverse repurchase agreements with banks are secured by U.S. government securities. Substantially all cash and cash equivalents are concentrated in accounts in which balances exceed Federal Deposit Insurance Corporation limits.

ACCOUNTS RECEIVABLE

Accounts receivable are recorded at face value and typically have contractual maturities of less than one year. Allowance is made for uncollectible accounts based upon management's expectations and past collection experience.

Notes to Consolidated Financial Statements

(All amounts in thousands)

CONTRIBUTIONS RECEIVABLE

Pledges that represent unconditional promises to give are recognized at fair value as contributions with donor restrictions in the period such promises are made by donors. Contributions are discounted at a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discounts is recorded as additional contribution revenue. Allowance is made for uncollectible contributions based upon management's expectations regarding collection of outstanding promises to give and past collection experience.

NOTES RECEIVABLE

Notes receivable, which are recorded at face value, principally represent amounts due from students under federal Perkins and institutional loan programs. A general allowance is made for uncollectible student loans after considering both long-term collection experience and current trends, such as recent default rates of cohorts entering repayment status. Other notes receivable are evaluated individually for impairment, with allowances recorded based on management's expectations given facts and circumstances related to each note.

INVESTMENTS

Investments are stated at estimated fair value. The University measures the fair values of investments in securities at the last sales price of the fiscal year on the primary exchange where the security is traded. Non-exchange-traded instruments and over-the-counter positions are primarily valued using independent pricing services, broker quotes or models with externally verifiable inputs. The fair values of alternative investments (interests in private equity, hedge, real estate and other similar funds) for which quoted market prices are not available are generally measured based on reported partner's capital or net asset value ("NAV") provided by the associated external investment managers. The reported partner's capital or NAV is subject to management's assessment that the valuation provided is representative of fair value. Management exercises diligence in assessing the policies, procedures and controls implemented by its external investment managers, and thus believes the carrying amount of these assets represents a reasonable estimate of fair value. However, because alternative investments are generally not readily marketable, their estimated value is subject to inherent uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed.

Investments Held on Behalf of Other Entities

The University serves as the trustee for its employees' defined benefit pension plan, managing the investment assets held within the plan. The University also invests capital on behalf of religious affiliates that share the University's Catholic ministry and educational missions. Accordingly, the University reports an equal asset and liability in the consolidated statements of financial position representing the fair value of investments managed on behalf of these entities.

Notes to Consolidated Financial Statements

(All amounts in thousands)

DEBT-RELATED DERIVATIVE INSTRUMENTS

The University utilizes derivative instruments in a limited manner outside of its investment portfolio. As described in *Note 13*, interest rate swap agreements are used to manage interest rate risk associated with future anticipated bond obligations. These instruments are reported in the consolidated statements of financial position at fair value. Fair value is estimated based on pricing models that utilize significant observable inputs, such as relevant interest rates, that reflect assumptions market participants would use in pricing the instruments. Any gains or losses resulting from changes in the fair value of these instruments or periodic net cash settlements with counterparties, including settlements related to the termination of such instruments, are recognized as non-operating changes in net assets without donor restrictions.

LAND, BUILDINGS AND EQUIPMENT

Institutional properties are stated at cost or at estimated fair value if acquired by gift, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, averaging 15 years for land improvements, 25–50 years for buildings and 5–25 years for equipment.

The University does not capitalize the cost of library books, nor the cost or fair value of its art collection. The latter is held for exhibition and educational purposes only and not for financial gain.

Conditional Asset Retirement Obligations

The University recognizes asset retirement obligations when incurred. A discounting technique is used to calculate the present value of the capitalized asset retirement costs and the related obligation. Asset retirement costs are depreciated over the estimated remaining useful life of the related asset and the asset retirement obligation is accreted annually to the current present value. Upon settlement of an obligation, any difference between the retirement obligation and the cost to settle is recognized as a gain or loss in the consolidated statements of changes in net assets. The University's conditional asset retirement obligations relate primarily to asbestos remediation and will be settled upon undertaking associated renovation projects.

SPLIT-INTEREST AGREEMENTS

The University's split-interest agreements consist principally of charitable gift annuities and irrevocable charitable remainder trusts for which the University serves as trustee. Contribution revenue is recognized at the date a gift annuity or trust is established after recording a liability at fair value of the estimated future payments to be made to beneficiaries. Estimated future payments to beneficiaries are discounted at a risk-adjusted rate. Liabilities are adjusted during the terms of the agreements to reflect payments to beneficiaries, returns on trust assets, accretion of discounts, and other considerations that affect the estimates of future payments. Net adjustments to the liabilities are recorded as changes in the value of split-interest agreements.

Notes to Consolidated Financial Statements

(All amounts in thousands)

FAIR VALUE MEASUREMENTS

Fair value measurements reflected in the consolidated financial statements conceptually represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles provide a hierarchy that prioritizes the inputs to fair value measurements based on the extent to which inputs to valuation techniques are observable in the marketplace. The hierarchy assigns a higher priority to observable inputs that reflect verifiable information obtained from independent sources, and a lower priority to unobservable inputs that would reflect the University's assumptions about how market participants would value an asset or liability based on the best information available. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the hierarchy of inputs used to measure fair value are described briefly as follows:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date.

Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3—Unobservable inputs for the asset or liability, used in situations in which little or no market activity exists for the asset or liability at the measurement date.

The categorization of fair value measurements by level of the hierarchy is based upon the lowest level input that is significant to the overall fair value measurement for a given asset or liability.

In the event that changes in the inputs used in the fair value measurement of an asset or liability result in a transfer of the fair value measurement to a different categorization (e.g., from Level 3 to Level 2), such transfers between fair value categories are recognized at the end of the reporting period.

USE OF ESTIMATES

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

TAX STATUS

The University is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, except to the extent the University generates unrelated business income.

Under the Tax Cuts and Jobs Act (the "Act") enacted in December 2017 and effective July 1, 2018, the University is subject to additional taxes. The Act introduced excise taxes on net investment income and executive compensation and changed rules for calculating unrelated business taxable income.

Notes to Consolidated Financial Statements

(All amounts in thousands)

RECLASSIFICATIONS

Certain fiscal 2018 amounts within the consolidated financial statements have been reclassified to conform to the 2019 presentation.

SUBSEQUENT EVENTS

The University has evaluated subsequent events through November 14, 2019, the date the financial statements were issued. No events requiring disclosure were identified.

NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606) and Other Assets and Deferred Costs-Contracts with Customers (Subtopic 340-40).* The ASU introduces a single framework for revenue recognition under which revenue recognized is reflective of the consideration to which the entity expects to be entitled in exchange for goods and services. The FASB also issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)* in June 2018, which is intended to assist entities in evaluating whether transactions are within the scope of contributions accounting or other guidance, particularly the provisions of the aforementioned ASU No. 2014-09. The University adopted both of these standards during the year ended June 30, 2019, on a full retrospective basis for ASU No. 2014-09 and a modified prospective basis for ASU No. 2018-08, respectively. Neither standard resulted in a material impact on the University's reported financial position.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities.* The new pronouncement amends certain financial reporting requirements for not-for-profit entities and was adopted by the University on a retrospective basis during the year ended June 30, 2019. The primary changes affecting the University include the following: the presentation of two net asset classes as opposed to the previously required three; new disclosures regarding the liquidity and availability of financial assets; and the required disclosure of expenses by both functional and natural classifications.

In March 2017, the FASB issued ASU No. 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.* The ASU requires that components of net periodic benefit costs other than service cost be reported outside an organization's measure of operations. This standard was adopted by the University on a retrospective basis during the year ended June 30, 2019, the effect of which on the classification of expenses was insignificant.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842).* The new lease guidance establishes a model under which lessees record a right-of-use asset and a lease liability for all leases with terms longer than 12 months. The ASU is effective for fiscal years beginning after December 15, 2018, with early adoption permissible. The University plans to adopt this standard during the year ending June 30, 2020, but it is not expected to materially impact the University's financial statements.

Notes to Consolidated Financial Statements

(All amounts in thousands)

NOTE 2.
Financial Assets and Liquidity Resources

Financial assets and liquidity resources available within one year for general expenditure, such as operating and capital expenses, are summarized as follows at June 30:

	2019	2018
Cash and cash equivalents	$ 147,634	$ 75,658
Accounts receivable, net (*Note 3*)	69,899	60,252
Contributions receivable, net (*Note 5*)	61,846	61,939
Notes receivable (*Note 6*)	1,834	2,284
Short-term working capital investments	-	75,572
Investments approved for appropriation in subsequent year	442,273	425,264
Total financial assets available within one year	723,486	700,969
Undrawn lines of credit (*Note 9*)	494,000	339,136
Unissued commercial paper (*Note 9*)	274,277	84,389
Total financial assets and liquidity resources available within one year	$ 1,491,763	$ 1,124,494

The University manages its financial assets and liquidity resources to be available to fund general expenditures and fulfill liabilities and other commitments as they become due. To supplement cash needs, the University maintains both a commercial paper program and lines of credit with commercial banks, as described in *Note 9*. The University's excess working capital is invested in either short-term investments or the Notre Dame Endowment Pool.

As reflected in *Note 7*, the University held more than $2.8 billion in investment assets at June 30, 2019, that were measured using Level 1 and Level 2 fair value inputs. Although these assets are generally liquid within the near term, they are only considered available for general expenditure to the extent they are designated as short term working capital investments or approved for appropriation during the annual budget process under the University's endowment spending policy. Investments approved for appropriation in the subsequent year are calculated based on a board-approved spending rate. The University also has the ability to make additional one-time appropriations from working capital and endowment funds without donor restrictions to the extent that there are sufficient liquid investment assets.

NOTE 3.
Accounts Receivable

Accounts receivable are summarized as follows at June 30:

	2019	2018
Research and other sponsored programs support	$ 29,119	$ 32,688
Student receivables	1,883	1,331
Other receivables	40,637	28,779
	71,639	62,798
Less allowances for uncollectible amounts	1,740	2,546
	$ 69,899	$ 60,252

Notes to Consolidated Financial Statements

(All amounts in thousands)

NOTE 4.
Deferred Charges and Other Assets

Deferred charges and other assets are summarized as follows at June 30:

	2019	2018
Prepaid expenses	$ 21,838	$ 25,157
Retail and other inventories	5,380	6,485
Goodwill	6,455	6,455
Beneficial interests in perpetual trusts	5,702	5,702
Other deferred charges	4,708	3,555
	$ 44,083	$ 47,354

NOTE 5.
Contributions Receivable

Contributions receivable are summarized as follows at June 30:

	2019	2018
Unconditional promises expected to be collected in:		
Less than one year	$ 178,670	$ 185,192
One year to five years	315,320	330,781
More than five years	201,597	233,654
	695,587	749,627
Less:		
Unamortized discounts	141,121	154,651
Allowances for uncollectible amounts	13,401	16,535
	154,522	171,186
	$ 541,065	$ 578,441

Contributions receivable are discounted at rates ranging from 0.22 percent to 6.91 percent at June 30, 2019 and 2018. Activity within allowances for uncollectible amounts was insignificant during the years ended June 30, 2019 and 2018. Of the net amount expected to be collected in less than one year, only $61,846 is expected to be available for general operations, as described in *Note 2*.

Notes to Consolidated Financial Statements

(All amounts in thousands)

Contributions receivable, net, are classified as net assets with donor restrictions for the following purposes at June 30:

	2019	2018
Expendable funds restricted for (*Note 15*):		
Operating purposes	$ 57,186	$ 56,283
Investment in land, buildings and equipment	186,280	184,753
	243,466	241,036
Endowment funds (*Notes 15* and *16*):		
Donor-restricted endowment	285,315	316,201
University-designated endowment	12,284	21,204
	297,599	337,405
	$ 541,065	$ 578,441

As of June 30, 2019, the University had received documented conditional pledges of $29,830 which are not reflected in the accompanying consolidated financial statements. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

NOTE 6.
Notes Receivable

Notes receivable are summarized as follows at June 30:

	2019	2018
Student notes receivable, related to:		
Government sponsored loan programs	$ 15,809	$ 19,815
Institutional student loans	7,737	5,036
	23,546	24,851
Less allowances for uncollectible student notes	1,813	1,753
	21,733	23,098
Other notes receivable	2,063	2,267
	$ 23,796	$ 25,365

As reflected in *Note 10*, the University maintains a liability for government advances made in prior years to fund student loans, primarily under the Perkins Loan program, the balance of which was $19,481 and $18,736 at June 30, 2019 and 2018, respectively. Although the Perkins Loan program is in the process of being eliminated, no remittances of funding to the federal government were required during the year ended June 30, 2019. Due to significant restrictions that apply to government sponsored student loans, determining the fair value of student notes receivable is not practicable. The estimated fair value of non-student notes receivable approximated the carrying amount at June 30, 2019 and 2018.

As described in *Note 2*, note receivable collections of $1,834 are expected to be available for general expenditure within one year. Collections of government-funded student notes receivable are not considered available for general expenditure.

Notes to Consolidated Financial Statements

(All amounts in thousands)

NOTE 7.
Investments

Investments reflected in the consolidated statements of financial position are summarized as follows at June 30:

	2019	2018
Notre Dame Endowment Pool assets	$ 13,708,819	$ 13,043,004
Other investments, associated with:		
Endowment and funds functioning as endowment	10,559	9,084
Working capital and other University designations	62,001	131,681
Split-interest agreements (*Note 17*)	9,616	9,876
Defined benefit pension plan (*Note 14*)	208,092	193,702
	290,268	344,343
	$ 13,999,087	$ 13,387,347

Liabilities associated with investments include the following at June 30:

	2019	2018
Liabilities representing the fair value of investments held on behalf of:		
Religious affiliates	$ 1,369,369	$ 1,280,904
Defined benefit pension plan (*Note 14*)	208,092	193,702
	$ 1,577,461	$ 1,474,606

The Notre Dame Endowment Pool ("NDEP") represents the University's primary investment portfolio. Certain investments, however, are held in specific instruments outside the NDEP to comply with donor requirements or other considerations. The pooled assets and liabilities of the NDEP are summarized as follows at June 30:

	2019	2018
NDEP assets	$ 13,708,819	$ 13,043,004
Equity interest in consolidated company[1]	68,604	66,529
NDEP net assets unitized	$ 13,777,423	$ 13,109,533

[1] *The University is the sole owner of a limited liability company, the assets and liabilities of which are reflected in the consolidated financial statements. However, the estimated fair value of the University's equity interest in the company is included in NDEP net assets for unitization purposes.*

Transactions within participating funds that constitute additions to or withdrawals from the NDEP are unitized on a quarterly basis. The unitized net assets of the NDEP were attributable to the following at June 30:

	2019	2018
Endowment and funds functioning as endowment	$ 11,208,542	$ 10,663,458
Working capital and other University designations	949,087	924,799
Student loan funds	1,298	1,221
Split-interest agreements (*Note 17*)	249,127	239,151
Funds invested on behalf of religious affiliates[2]	1,369,369	1,280,904
	$ 13,777,423	$ 13,109,533

[2] *NDEP holdings were redeemable by religious affiliates at $6,105.53 and $5,799.00 per unit (whole dollars) at June 30, 2019 and 2018, respectively.*

Notes to Consolidated Financial Statements

(All amounts in thousands)

The NDEP is comprised primarily of endowment-related holdings. As such, its investment objectives seek to preserve the real purchasing power of the endowment, while providing a stable source of financial support to its beneficiary programs. To satisfy its long-term rate of return objectives, the NDEP relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The NDEP maintains a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Investment assets are summarized in the following tables by asset class at June 30, 2019 and 2018, respectively:

	2019		
	NDEP	*Other Investments*	*Total*
Short-term investments	$ 234,297	$ 1,211	$ 235,508
Public equities	5,454,375	53,223	5,507,598
Private equity	5,001,181	13,997	5,015,178
Multi-strategy	3,018,966	13,745	3,032,711
	13,708,819	82,176	13,790,995
Defined benefit pension plan investments (*Note 14*)	-	208,092	208,092
	$ 13,708,819	$ 290,268	$ 13,999,087

	2018		
	NDEP	*Other Investments*	*Total*
Short-term investments	$ 172,378	$ 77,026	$ 249,404
Public equities	5,684,875	48,097	5,732,972
Private equity	3,944,584	12,061	3,956,645
Multi-strategy	3,241,167	13,457	3,254,624
	13,043,004	150,641	13,193,645
Defined benefit pension plan investments (*Note 14*)	-	193,702	193,702
	$ 13,043,004	$ 344,343	$ 13,387,347

Short-term investments include cash and cash equivalents, money market funds, securities with short-term maturities (such as commercial paper and government securities held either directly or via commingled pools with daily liquidity), and the fair value of certain derivative instrument assets (primarily futures, interest rate and equity contracts, all of which are insignificant). Public equities cover the U.S. as well as both developed and emerging markets overseas, and long/short hedge funds. Private equity primarily includes domestic and foreign buyout and venture capital funds. The multi-strategy class includes opportunistic investments in cyclical asset classes; core diversifiers that encompass hedge fund strategies where the manager has a broad mandate to invest in a variety of asset classes to generate returns less correlated with broad equities markets; and fixed income assets that provide capital protection and diversification given the low correlation to other asset classes.

Notes to Consolidated Financial Statements

(All amounts in thousands)

NDEP investments are primarily invested with external managers. The University is committed under contracts with certain external managers to periodically advance additional funding as capital calls are exercised. Capital calls are generally exercised over a period of years and are subject to fixed expiration dates or other means of termination. Uncalled commitments related to NDEP investments are summarized by investment class as follows at June 30:

	2019	2018
Public equities	$ 88,368	$ 96,246
Private equity	2,165,443	1,720,474
Multi-strategy	768,189	702,143
	$ 3,022,000	$ 2,518,863

The following tables reflect fair value measurements of investment assets (excluding defined benefit pension plan assets) at June 30, 2019 and 2018, respectively, as categorized by level of the fair value hierarchy according to the lowest level of inputs significant to each measurement or NAV:

	2019				
	Level 1	*Level 2*	*Level 3*	*NAV*	*Total*
Short-term investments	$ 117,818	$ 117,690	$ -	$ -	$ 235,508
Public equities:					
U.S.	1,366,292	-	-	567,515	1,933,807
Non-U.S.	746,986	-	55,853	1,911,379	2,714,218
Long/short strategies	-	-	-	859,573	859,573
Private equity	-	-	13,997	5,001,181	5,015,178
Multi-strategy:					
Opportunistic	21,010	-	214,357	1,202,993	1,438,360
Core diversifiers	-	-	-	747,765	747,765
Fixed income	175,094	279,764	55,291	336,437	846,586
	$ 2,427,200	$ 397,454	$ 339,498	$ 10,626,843	$ 13,790,995

	2018				
	Level 1	*Level 2*	*Level 3*	*NAV*	*Total*
Short-term investments	$ 30,149	$ 219,255	$ -	$ -	$ 249,404
Public equities:					
U.S.	1,533,044	-	-	588,830	2,121,874
Non-U.S.	732,514	-	-	1,882,389	2,614,903
Long/short strategies	-	-	-	996,195	996,195
Private equity	-	-	12,061	3,944,584	3,956,645
Multi-strategy:					
Opportunistic	85,721	-	177,578	1,410,211	1,673,510
Core diversifiers	-	-	-	749,134	749,134
Fixed income	200,812	289,944	16,977	324,247	831,980
	$ 2,582,240	$ 509,199	$ 206,616	$ 9,895,590	$ 13,193,645

Certain short-term investments and fixed income securities categorized within Level 2 are not traded in active markets but are measured using pricing sources such as broker quotes, or using models with externally verifiable inputs, such as relevant interest or exchange rates.

Notes to Consolidated Financial Statements

(All amounts in thousands)

Investments in certain funds within public equities, opportunistic and core diversifiers measured at NAV (or its equivalent) are generally subject to restrictions that limit the University's ability to withdraw capital within the near term. Redemption terms for these funds typically restrict withdrawals of capital for a defined "lock-up" period after investment, and thereafter allow withdrawals on a quarterly or annual basis with notice periods ranging from 30 to 180 days. Lock-up periods for such funds generally expire within three years after the measurement date. In addition, investor capital in these funds attributable to illiquid investments, often referred to as "side pockets," generally is not available for redemption until the investments are realized by the fund. Most funds measured at NAV within private equity, as well as certain opportunistic funds, are not redeemable at the direction of the investor. These funds make distributions to investing partners as the underlying assets of the funds are liquidated. The University expects the underlying assets of these funds to be substantially liquidated over the next five to ten years, the timing of which would vary by fund and depend on market conditions as well as other factors. Investments in funds measured at NAV within fixed income are not subject to lock-ups and generally allow for withdrawals on a daily or monthly basis.

At June 30, 2019 and 2018, the fair value of a Level 3 partnership investment in the opportunistic class was measured using a discounted cash flow technique, the significant unobservable input to which is the discount rate (10%). The fair value of the investment was $175,219 and $173,097 at June 30, 2019 and 2018, respectively.

Changes in investments (excluding defined benefit pension plan assets) for which fair value is measured based on Level 3 inputs are summarized below for the year ended June 30, 2019:

	Beginning balance	*Acquisitions*	*Dispositions*	*Net gain/(loss)*	*Ending balance*
Public equities - Non-U.S.	$ -	$ 48,094	$ -	$ 7,759	$ 55,853
Private equity	12,061	2,449	(1,448)	935	13,997
Multi-strategy:					
Opportunistic	177,578	67,052	(456)	(29,817)	214,357
Fixed income	16,977	425,954	(389,061)	1,421	55,291
	$ 206,616	$ 543,549	$ (390,965)	$ (19,702)	$ 339,498

During the year ended June 30, 2019, the University recognized net unrealized losses of $21,153 on investments still held at June 30, 2019, for which fair value is measured using Level 3 inputs. There were no transfers involving Levels 1 or 2 during the year ended June 30, 2019.

Notes to Consolidated Financial Statements

(All amounts in thousands)

Changes in investments (excluding defined benefit pension plan assets) for which fair value is measured based on Level 3 inputs are summarized below for the year ended June 30, 2018:

	Beginning balance	*Acquisitions*	*Dispositions*	*Net gain/(loss)*	*Ending balance*
Private equity	$ 34,293	$ 2,084	$ (27,639)	$ 3,323	$ 12,061
Multi-strategy:					
Opportunistic	154,279	14,380	(1,989)	10,908	177,578
Fixed income	3,575	21,243	(7,707)	(134)	16,977
	$ 192,147	$ 37,707	$ (37,335)	$ 14,097	$ 206,616

During the year ended June 30, 2018, the University recognized net unrealized gains of $14,484 on investments still held at June 30, 2018, for which fair value is measured using Level 3 inputs. There were no transfers between levels during the year ended June 30, 2018.

Due to the pooled nature of assets held in the NDEP, a portion of any unrealized gains or losses is attributed to NDEP holdings of split-interest agreements and the University's religious affiliates.

INVESTMENT RETURN

Investment return as reflected in the consolidated statements of changes in net assets is summarized as follows for the years ended June 30:

	Without donor restrictions	*With donor restrictions*	**2019** *Total*
Income, net	$ 34,615	$ 41,533	$ 76,148
Net gain:			
Realized	241,433	289,012	530,445
Unrealized	81,790	117,378	199,168
	323,223	406,390	729,613
	$ 357,838	$ 447,923	$ 805,761

	Without donor restrictions	*With donor restrictions*	**2018** *Total*
Income, net	$ 15,126	$ 26,656	$ 41,782
Net gain:			
Realized	361,853	456,799	818,652
Unrealized	190,953	196,294	387,247
	552,806	653,093	1,205,899
	$ 567,932	$ 679,749	$ 1,247,681

Investment income is reported net of related expenses of $41,315 and $61,605 for the years ended June 30, 2019 and 2018, respectively. Investment-related expenses consist of fees paid to external investment managers, as well as expenses related to internal investment office operations. Beginning in the year ended June 30, 2019, investment-related expenses also include a provision for excise taxes on investment returns.

Notes to Consolidated Financial Statements

(All amounts in thousands)

A portion of accumulated investment returns is distributed annually to beneficiary programs under the University's endowment spending policy. In addition, a portion of returns accumulated on working capital is distributed to supplement the University's general operating needs and other initiatives. Accumulated investment return distributed is summarized by source as follows for the years ended June 30:

	Operating			**2019**
	Without donor restrictions	*With donor restrictions*	*Non-operating*	*Total*
Endowment (*Note 16*)	$ 141,552	$ 256,908	$ 27,205	$ 425,665
Working capital	71	-	-	71
	$ 141,623	$ 256,908	$ 27,205	$ 425,736

	Operating			**2018**
	Without donor restrictions	*With donor restrictions*	*Non-operating*	*Total*
Endowment (*Note 16*)	$ 105,541	$ 249,937	$ 22,907	$ 378,385
Working capital	15,465	-	-	15,465
	$ 121,006	$ 249,937	$ 22,907	$ 393,850

NOTE 8.
Land, Buildings and Equipment

The following is a summary of land, buildings and equipment at June 30:

	2019	**2018**
Land and land improvements	$ 213,004	$ 221,353
Buildings	2,739,200	2,518,982
Equipment	375,391	347,783
Construction in progress	135,767	189,883
	3,463,362	3,278,001
Less accumulated depreciation	945,561	877,662
	$ 2,517,801	$ 2,400,339

Depreciation expense was $96,815 and $84,054 for the years ended June 30, 2019 and 2018, respectively.

The University recorded accounts payable and construction retainage associated with construction in progress costs of $12,538 and $8,443, respectively, at June 30, 2019. Accounts payable and construction retainage associated with construction in progress costs were $29,378 and $15,136, respectively, at June 30, 2018.

Changes in conditional asset retirement obligations are summarized as follows for the years ended June 30:

	2019	**2018**
Beginning of year	$ 25,330	$ 24,354
Obligations incurred	-	973
Obligations settled	(735)	(851)
Accretion expense	880	854
End of year (*Note 11*)	$ 25,475	$ 25,330

Notes to Consolidated Financial Statements

(All amounts in thousands)

NOTE 9.
Short-Term Borrowing

At June 30, 2019, the University maintained a $400,000 self-liquidity commercial paper program under which it could issue taxable commercial paper.

The University also maintained unsecured lines of credit with commercial banks in the aggregate amount of $575,000 to be utilized primarily for working capital purposes. A $50,000 line of credit with no outstanding balance at June 30, 2019, expires in January 2020. Termination dates for remaining lines of credit available at June 30, 2019, ranged from January 2021 to November 2022.

Total outstanding balances on short-term borrowing are summarized below at June 30:

	2019	2018
Commercial paper	$ 125,723	$ 115,611
Lines of credit	31,000	35,864
	$ 156,723	$ 151,475

Total costs incurred on short-term borrowing, including interest and related fees, were approximately $4,761 and $4,538 for the years ended June 30, 2019 and 2018, respectively.

NOTE 10.
Deferred Revenue and Refundable Advances

Deferred revenue and refundable advances are summarized as follows at June 30:

	2019	2018
Deferred ticket sales and other revenues from intercollegiate athletics	$ 67,363	$ 73,315
Deferred tuition and other student revenues	14,393	14,560
Refundable advances for research and other sponsored programs (*Note 19*)	61,848	25,144
Government advances for student loans (*Note 6*)	19,481	18,736
Other deferred revenues	3,985	8,745
	$ 167,070	$ 140,500

NOTE 11.
Deposits and Other Liabilities

Deposits and other liabilities are summarized as follows at June 30:

	2019	2018
Accrued compensation and employee benefits	$ 84,540	$ 67,174
Pledges payable	41,400	44,050
Conditional asset retirement obligations (*Note 8*)	25,475	25,330
Payroll and other taxes payable	19,379	13,771
Accrued interest expense	14,422	14,272
Construction retainage (*Note 8*)	8,443	15,136
Debt-related derivative instruments (*Note 13*)	39,203	14,493
Student organization funds and other deposits	6,822	5,805
Self-insurance reserves	4,624	5,064
Other liabilities	5,868	10,576
	$ 250,176	$ 215,671

Notes to Consolidated Financial Statements

(All amounts in thousands)

NOTE 12.
Bonds and Notes Payable

Bonds and notes payable consist of the following at June 30:

	2019	2018
Obligations of the University:		
Taxable Fixed Rate Bonds	$ 1,060,000	$ 1,060,000
St. Joseph County (Indiana) Educational Facilities Revenue Bonds	7,890	7,890
	1,067,890	1,067,890
Obligations of consolidated company:		
Mortgage note payable	43,687	44,551
	$ 1,111,577	$ 1,112,441

The aggregate scheduled maturities of bonds and notes payable are summarized by fiscal year as follows:

2020	$ 980
2021	1,021
2022	1,064
2023	1,109
2024	1,155
Thereafter	1,106,248
	$ 1,111,577

TAXABLE FIXED RATE BONDS

Proceeds from Taxable Fixed Rate Bonds bear no restrictions on use and constitute unsecured general obligations of the University. The associated interest is taxable to investors. The following issues were outstanding at June 30:

	Fiscal year of maturity	*Rate of interest*	2019	2018
Series 2010	2041	4.90%	$ 160,000	$ 160,000
Series 2012	2043	3.72%	100,000	100,000
Series 2015	2045	3.44%	400,000	400,000
Series 2017	2048	3.39%	400,000	400,000
			$ 1,060,000	$ 1,060,000

Proceeds from the Series 2017 bonds were net of $1,311 in underwriter's discounts, which are reflected within operating expenses for the year ended June 30, 2018. Interest costs incurred on Taxable Fixed Rate Bonds were $38,885 and $32,703 during the years ended June 30, 2019 and 2018, respectively.

ST. JOSEPH COUNTY (INDIANA) EDUCATIONAL FACILITIES REVENUE BONDS

The proceeds from St. Joseph County (Indiana) Educational Facilities Revenue Bonds ("SJC bonds") were restricted to the campus facilities projects specified in the respective offering documents. SJC bonds represent general obligations of the University and are not collateralized by any facilities. Interest on SJC bonds is tax-exempt to investors.

SJC bonds outstanding at June 30, 2019 and 2018, were from the Series 1996 issue, bearing interest at a fixed rate of 6.50% and maturing in 2026. Related interest costs were $513 and $5,395 for the years ended June 30, 2019 and 2018, respectively.

(All amounts in thousands)

MORTGAGE NOTES

The University is the sole owner of a limited liability company, the activities of which are reflected in the University's consolidated financial statements. The company's assets consist primarily of real estate, the acquisition of which was financed in part with a note payable. Under the terms, the note bears interest at a fixed rate of 4.11 percent, and is due on February 1, 2025. The note is not a general obligation of the University and is fully collateralized by the property mortgaged. Interest costs of $1,813 and $1,851 related to the note are reflected within non-operating changes in net assets without donor restrictions for the years ended June 30, 2019 and 2018, respectively.

NOTE 13.
Derivative Instruments

The University utilizes interest rate swap agreements to manage interest rate risk associated with variable rate bonds. Although the University currently has no outstanding variable rate bonds, the University held a single forward starting swap agreement during the years ended June 30, 2019 and 2018, in anticipation of future bond issues. Under the terms of the swap agreement, the University would pay a fixed rate of 3.27 percent and receive a variable rate equal to 100 percent of the one-month London Interbank Offered Rate ("LIBOR") on a total notional amount of $154,894 for a thirty year term beginning March 1, 2021. The University also utilizes a variety of derivative instruments within the NDEP, which may include certain options contracts, forward currency contracts, and futures contracts, the balances and activity for which are insignificant.

Derivatives by their nature bear, to varying degrees, elements of market risk and credit risk that are not reflected in the amounts recorded in financial statements. Market risk in this context represents the potential for changes in the value of derivative instruments due to levels of volatility and liquidity or other events affecting the underlying asset, reference rate, or index, including those embodied in interest and foreign exchange rate movements and fluctuations in commodity or security prices. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of a contract. The University's risk of loss in the event of counterparty default is typically limited to the amounts recognized in the consolidated statements of financial position, not the notional amounts of the instruments, and is further limited by the collateral arrangements as specified for specific instruments.

The debt-related interest rate swap described above has credit-risk-related contingent features that could require the University to post collateral on the instrument when in a net liability position in the event of a downgrade to the rating on the University's debt. The aggregate fair value of the swap was a liability position of $39,203 and $14,493 at June 30, 2019 and 2018, respectively. If the credit-risk-related contingent features associated with this instrument had been triggered, the University would have been required to post collateral to its counterparty in an amount up to the full liability position of the instrument, depending on the level of the University's credit rating. Based on the quality of its credit rating, the University had posted no collateral associated with this instrument at either June 30, 2019, or June 30, 2018.

(All amounts in thousands)

The notional amounts and estimated fair values of the debt-related interest rate swap at June 30, 2019 and 2018, respectively, are summarized below:

	2019	2018
Notional amounts	$ 154,894	$ 154,894
Fair value, as reflected in the statements of financial position:		
Deposits and other liabilities (*Note 11*)	$ 39,203	$ 14,493

Fair value measurements are based on observable interest rates that would fall within Level 2 of the hierarchy of fair value inputs. Gross and net-by-counterparty derivative assets and liabilities were the same at June 30, 2019 and 2018.

The net gain or loss on debt-related interest rate swaps is reported as such within non-operating changes in net assets without donor restrictions. A net loss of $24,710 and a net gain of $4,424 were reported during the years ended June 30, 2019 and 2018, respectively. No periodic settlements were required during the years ended June 30, 2019 and 2018.

NOTE 14.
Pension and Other Postretirement Benefits

DEFINED CONTRIBUTION RETIREMENT SAVINGS PLAN

Faculty, exempt staff, and non-exempt staff hired on or after January 1, 2018, participate in the University of Notre Dame 403(b) Retirement Plan, a defined contribution retirement plan, upon meeting eligibility requirements. The plan, operated under section 403(b) of the Internal Revenue Code, is funded by mandatory employee contributions and University contributions. All faculty and staff may also participate in the plan on a voluntary basis by making voluntary employee contributions up to the annual limit established by the Internal Revenue Service. Participants are immediately vested in the plan, and may direct their contributions and the University's contributions on their behalf to plan investments. The University's share of the cost of these benefits was $38,710 and $35,574 for the years ended June 30, 2019 and 2018, respectively.

DEFINED BENEFIT PENSION PLAN AND POSTRETIREMENT MEDICAL INSURANCE BENEFITS

Retirement benefits are provided for University staff under a defined benefit pension plan, for which the University serves as trustee and administrator. This plan provides benefits for certain non-exempt staff, but was closed to new participants effective January 1, 2018. Retirement benefits are based on the employee's total years of service and final average pay as defined by the plan. Plan participants are fully vested after five years of service. The University funds the plan with annual contributions that meet minimum requirements under the Employee Retirement Income Security Act of 1974 and Pension Protection Act of 2006.

Notes to Consolidated Financial Statements

(All amounts in thousands)

Other postretirement benefit plans offered by the University provide either medical insurance benefits for retirees and their spouses or Health Reimbursement Accounts upon which Medicare-eligible retirees may draw to purchase individual Medicare supplemental coverage. Employees are eligible for such benefits if they retire after attaining specified age and service requirements while employed by the University. The plans hold no assets and are funded by the University as claims are paid.

The University recognizes the full funded status of its defined benefit pension and other postretirement benefit plans in the consolidated statements of financial position. Accordingly, the liability for pension benefits as recognized in the consolidated statements of financial position represents the excess of the actuarially determined projected benefit obligation ("PBO") over the fair value of plan assets at year end. The liability for other postretirement benefits as recognized in the consolidated statements of financial position represents the actuarially determined accumulated postretirement benefit obligation ("APBO") at year end. The following table summarizes the liabilities for pension and other postretirement benefits reflected in the consolidated statements of financial position at June 30:

	2019	2018
Liability for pension benefits:		
PBO at end of year	$ 280,927	$ 253,300
Less: Fair value of plan assets at end of year (*Note 7*)	208,092	193,702
	72,835	59,598
Liability for other postretirement benefits (APBO at year end)	48,120	43,301
	$ 120,955	$ 102,899

Changes in the actuarially determined benefit obligations are summarized below for the years ended June 30:

	Pension benefits (PBO)		*Other postretirement benefits (APBO)*	
	2019	2018	2019	2018
Beginning of year	$ 253,300	$ 256,819	$ 43,301	$ 49,583
Service cost	6,657	7,885	2,121	2,187
Interest cost	10,560	10,107	1,790	1,676
Actuarial loss/(gain)	19,579	(10,426)	2,237	(8,963)
Benefit payments	(9,169)	(8,801)	(1,258)	(1,182)
Plan amendments	-	-	(71)	-
Gain due to curtailment	-	(2,284)	-	-
End of year	$ 280,927	$ 253,300	$ 48,120	$ 43,301

The accumulated benefit obligation associated with pension benefits was $259,871 and $231,277 at June 30, 2019 and 2018, respectively. A curtailment gain of $2,284 was recognized during the year ended June 30, 2018, for active participants who chose to move to the 403(b) Retirement Plan for future benefits effective January 1, 2018.

The change in the fair value of pension plan assets is summarized below for the years ended June 30:

	2019	2018
Fair value of plan assets at beginning of year	$ 193,702	$ 172,502
Actual return on plan assets	11,559	13,501
Employer contributions	12,000	16,500
Benefit payments	(9,169)	(8,801)
Fair value of plan assets at end of year	$ 208,092	$ 193,702

Notes to Consolidated Financial Statements

(All amounts in thousands)

The components of net periodic benefit cost recognized in the consolidated statements of changes in net assets are summarized as follows for the years ended June 30:

	Pension benefits		*Other postretirement benefits*	
	2019	**2018**	**2019**	**2018**
Operating expense - service cost	$ 6,657	$ 7,885	$ 2,121	$ 2,187
Non-operating expenses:				
Interest cost	10,560	10,107	1,790	1,676
Expected return on plan assets	(12,598)	(11,323)	-	-
Amounts recognized previously as non-operating changes in net assets:				
Amortization of net loss	2,781	4,305	-	117
Amortization of prior service cost/(credit)	358	598	(40)	(78)
Net amortization	3,139	4,903	(40)	39
Total non-operating expenses	1,101	3,687	1,750	1,715
Total net periodic benefit cost	$ 7,758	$ 11,572	$ 3,871	$ 3,902

The amortization of any prior service cost or credit is determined using straight-line amortization over the average remaining service period of employees expected to receive benefits under the respective plans.

Gains or losses and other changes in the actuarially determined benefit obligations arising in the current period, but not included in net periodic benefit cost, are recognized as non-operating changes in the consolidated statements of changes in net assets. These changes are reflected net of a contra-expense adjustment for amounts recognized previously, but included as components of net periodic benefit cost in the current period. Accordingly, the net non-operating change in net assets without donor restrictions related to pension and other postretirement benefits is summarized as follows for the years ended June 30:

	Pension benefits		*Other postretirement benefits*	
	2019	**2018**	**2019**	**2018**
Net actuarial gain/(loss)	$ (20,618)	$ 14,888	$ (2,237)	$ 8,963
Plan amendments	-	-	71	-
Adjustment for components of net periodic benefit cost recognized previously	3,139	4,903	(40)	39
	$ (17,479)	$ 19,791	$ (2,206)	$ 9,002

Cumulative amounts recognized as non-operating changes in net assets without donor restrictions that had not yet been reflected within net periodic benefit cost are summarized as follows at June 30:

	Pension benefits		*Other postretirement benefits*	
	2019	**2018**	**2019**	**2018**
Net loss	$ 69,677	$ 51,840	$ 5,488	$ 3,251
Prior service cost/(credit)	441	799	(62)	(31)
	$ 70,118	$ 52,639	$ 5,426	$ 3,220

(All amounts in thousands)

The University expects to amortize the following as components of net periodic benefit cost during the year ending June 30, 2020:

	Pension benefits	*Other postretirement benefits*
Net loss	$ 4,666	$ 73
Prior service cost/(credit)	358	(18)

The following weighted-average assumptions were used in measuring the actuarially determined benefit obligations (PBO for pension benefits and APBO for other postretirement benefits) at June 30:

	Pension benefits		*Other postretirement benefits*	
	2019	**2018**	**2019**	**2018**
Discount rate	3.75%	4.25%	3.75%	4.25%
Rate of compensation increase	3.00%	3.00%		
Health care cost trend rate (grading to 5.00% in 2024)			7.00%	7.25%

The following weighted-average assumptions were used in measuring the actuarially determined net periodic benefit costs for the years ended June 30:

	Pension benefits		*Other postretirement benefits*	
	2019	**2018**	**2019**	**2018**
Discount rate	4.25%	4.00%	4.25%	4.00%
Expected long-term rate of return on plan assets	6.50%	6.50%		
Rate of compensation increase	3.00%	3.00%		
Health care cost trend rate (grading to 5.00% in 2024)			7.25%	7.50%

The expected long-term rate of return on pension plan assets is based on the consideration of both historical and forecasted investment performance, given the targeted allocation of the plan's assets to various investment classes.

A one-percentage-point increase in the assumed health care cost trend rate would have increased aggregate service and interest costs and the APBO associated with postretirement medical benefits by approximately $113 and $696, respectively. A one-percentage-point decrease in the assumed health care cost trend rate would have decreased aggregate service and interest costs and the APBO by approximately $101 and $637, respectively.

Notes to Consolidated Financial Statements

(All amounts in thousands)

The projected payments to beneficiaries under the respective plans for each of the five fiscal years subsequent to June 30, 2019, are as follows:

	Pension benefits	*Other postretirement benefits*
2020	$ 11,177	$ 1,929
2021	11,658	2,113
2022	12,246	2,294
2023	12,851	2,499
2024	13,431	2,679

Projected aggregate payments for pension benefits and other postretirement benefits for the five-year period ending June 30, 2029, are $76,670 and $15,760, respectively. The University's estimated contributions to the defined benefit pension plan for the year ending June 30, 2020, are $10,000.

DEFINED BENEFIT PENSION PLAN ASSETS

The plan's assets are invested in a manner that is intended to preserve the purchasing power of the plan's assets and provide payments to beneficiaries. Thus, a rate of return objective of inflation plus 5.0 percent is targeted.

The investment portfolio of the plan, which is invested with external investment managers, is diversified in a manner that is intended to achieve the return objective and reduce the volatility of returns. The plan relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) over a long-term time horizon.

Actual and targeted allocations of the plan's investments by asset class were as follows at June 30:

	2019	**2018**	***Target***
Short-term investments	3.2%	1.4%	0.0%
Public equities	54.1%	55.7%	50.0%
Fixed income	19.0%	19.9%	15.0%
Hedge funds	14.2%	13.0%	20.0%
Private equity	9.1%	8.5%	10.0%
Real assets	0.4%	1.5%	5.0%
	100.0%	100.0%	100.0%

Asset allocation targets reflect the need for a modestly higher weighting in equity-based investments to achieve the return objective. Decisions regarding allocations among asset classes are made when such actions are expected to produce incremental return, reduce risk, or both. The investment characteristics of an asset class—including expected return, risk, correlation, and its overall role in the portfolio—are analyzed when making such decisions. The role of each asset class within the overall asset allocation of the plan is described as follows:

Public equities—Provides access to liquid markets and serves as a long-term hedge against inflation.

Fixed income—Provides a stable income stream and greater certainty of nominal cash flow relative to the other asset classes. Given the low correlation to other asset classes, fixed income assets also enhance diversification and serve as a hedge against financial turmoil or periods of deflation.

(All amounts in thousands)

Hedge funds—Enhances diversification while providing equity-like returns and opportunities to benefit from short-term inefficiencies in global capital markets.

Private equity—Provides attractive long-term, risk-adjusted returns by investing in inefficient markets.

Real assets—Provides attractive return prospects, further diversification, and a hedge against inflation.

Fair value measurements of plan investments at June 30, 2019 and 2018, respectively, are categorized below by level of the fair value hierarchy according to the lowest level of inputs significant to each measurement or NAV:

	2019				
	Level 1	*Level 2*	*Level 3*	*NAV*	*Total*
Short-term investments	$ 6,591	$ -	$ -	$ -	$ 6,591
Public equities:					
U.S.	54,582	-	-	15,243	69,825
Non-U.S.	25,799	-	-	16,857	42,656
Fixed income	3,130	-	-	36,421	39,551
Hedge funds	-	-	-	29,574	29,574
Private equity	-	-	-	18,923	18,923
Real assets	-	-	-	972	972
	$ 90,102	$ -	$ -	$ 117,990	$ 208,092

	2018				
	Level 1	*Level 2*	*Level 3*	*NAV*	*Total*
Short-term investments	$ 2,616	$ -	$ -	$ -	$ 2,616
Public equities:					
U.S.	52,147	-	-	13,641	65,788
Non-U.S.	14,715	-	-	27,315	42,030
Fixed income	38,516	-	-	-	38,516
Hedge funds	-	-	-	25,123	25,123
Private equity	-	-	-	16,478	16,478
Real assets	1,332	-	-	1,819	3,151
	$ 109,326	$ -	$ -	$ 84,376	$ 193,702

The plan is committed under contracts with certain investment managers to periodically advance additional funding as capital calls are exercised. Capital calls are generally exercised over a period of years and are subject to fixed expiration dates or other means of termination. Total commitments of $15,468 and $22,520 were uncalled at June 30, 2019 and 2018, respectively.

Notes to Consolidated Financial Statements

(All amounts in thousands)

NOTE 15.
Net Assets

Net assets without donor restrictions consist of the following at June 30:

	2019	2018
University-designated endowment (*Note 16*)	$ 4,580,318	$ 4,370,115
Other net assets	1,513,851	1,474,014
	$ 6,094,169	$ 5,844,129

Net assets with donor restrictions are summarized as follows at June 30:

	2019	2018
Endowment funds (*Note 16*)	$ 6,985,646	$ 6,694,943
Split-interest agreements (*Note 17*)	72,225	67,264
Expendable funds restricted for:		
Operating purposes	229,078	213,767
Investment in land, buildings and equipment	328,305	291,772
Other net assets	8,595	8,486
	$ 7,623,849	$ 7,276,232

As described in *Note 5*, restricted expendable funds include contributions receivable of $243,466 and $241,036 at June 30, 2019 and 2018, respectively. As reflected in *Note 5* and *Note 16*, endowment funds include $297,599 and $337,405 in contributions receivable at June 30, 2019 and 2018, respectively.

Net assets released from restrictions represent the satisfaction of time or purpose restrictions and are summarized below for the years ended June 30:

	2019	2018
For operations:		
Scholarships and fellowships awarded	$ 101,566	$ 96,813
Expenditures for operating purposes	189,420	171,549
	290,986	268,362
For long-term investment	68,874	169,241
	$ 359,860	$ 437,603

NOTE 16.
Endowment

The University's endowment consists of individual funds established for a variety of purposes. Net assets associated with endowment funds, including funds functioning as endowment, are classified and reported in accordance with any donor-imposed restrictions or University designations.

Expendable funds with purpose-related restrictions that have been designated as endowment at the University's discretion, as well as endowment funds for which the donor has granted the University flexibility to expend or redirect to another purpose are classified as university-designated endowment funds *with donor restrictions.*

Notes to Consolidated Financial Statements

(All amounts in thousands)

Endowment funds at June 30, 2019, are summarized as follows:

	Without donor restrictions (Note 15)	*With donor restrictions (Note 15)*	*Total*
Funds established to support:			
Scholarships and fellowships	$ 751,335	$ 2,544,617	$ 3,295,952
Academic, religious and student programs	405,437	1,750,018	2,155,455
Faculty chairs	174,225	1,638,333	1,812,558
Capital projects	866,877	65,211	932,088
Athletics	182,144	168,418	350,562
Libraries	10,226	236,375	246,601
General operations	2,000,804	124,472	2,125,276
Other	189,270	160,603	349,873
	4,580,318	6,688,047	11,268,365
Contributions receivable (*Note 5*)	-	297,599	297,599
	$ 4,580,318	$ 6,985,646	$ 11,565,964
Donor-restricted endowment, principal	$ -	$ 2,331,645	$ 2,331,645
Donor-restricted endowment, appreciation		3,758,121	3,758,121
University-designated endowment	4,580,318	598,281	5,178,599
	4,580,318	6,688,047	11,268,365
Contributions receivable (*Note 5*)	-	297,599	297,599
	$ 4,580,318	$ 6,985,646	$ 11,565,964

Endowment funds at June 30, 2018, are summarized as follows:

	Without donor restrictions (Note 15)	*With donor restrictions (Note 15)*	*Total*
Funds established to support:			
Scholarships and fellowships	$ 651,563	$ 2,405,391	$ 3,056,954
Academic, religious and student programs	421,739	1,616,190	2,037,929
Faculty chairs	163,473	1,555,903	1,719,376
Capital projects	801,951	107,413	909,364
Athletics	164,369	156,871	321,240
Libraries	9,984	226,594	236,578
General operations	1,974,195	117,699	2,091,894
Other	182,841	171,477	354,318
	4,370,115	6,357,538	10,727,653
Contributions receivable (*Note 5*)	-	337,405	337,405
	$ 4,370,115	$ 6,694,943	$ 11,065,058
Donor-restricted endowment, principal	$ -	$ 2,148,631	$ 2,148,631
Donor-restricted endowment, appreciation		3,592,791	3,592,791
University-designated endowment	4,370,115	616,116	4,986,231
	4,370,115	6,357,538	10,727,653
Contributions receivable (*Note 5*)	-	337,405	337,405
	$ 4,370,115	$ 6,694,943	$ 11,065,058

Notes to Consolidated Financial Statements

(All amounts in thousands)

The fair value of assets associated with individual donor-restricted endowments may fall below the level required by donor stipulations when the timing of contributions coincides with unfavorable market fluctuations. There was no such unrealized depreciation at June 30, 2019, and June 30, 2018.

Endowment funds are invested primarily in the NDEP, described in *Note 7*. However, certain funds are invested outside of the NDEP in accordance with donor requirements and other considerations.

Changes in endowment funds are summarized as follows for the years ended June 30:

	Without donor restrictions	*With donor restrictions*	**2019** *Total*
Beginning of the year	$ 4,370,115	$ 6,694,943	$ 11,065,058
Contributions	9,039	132,569	141,608
Investment return:			
Investment income	28,390	41,449	69,839
Net gain on investments	291,064	404,676	695,740
Accumulated investment return distributed (*Note 7*)	(168,728)	(256,937)	(425,665)
Other changes, net[1]	50,438	(31,054)	19,384
	$ 4,580,318	$ 6,985,646	$ 11,565,964

	Without donor restrictions	*With donor restrictions*	**2018** *Total*
Beginning of the year	$ 3,622,191	$ 6,062,745	$ 9,684,936
Contributions	25,680	217,955	243,635
Investment return:			
Investment income	16,884	25,012	41,896
Net gain on investments	469,228	652,798	1,122,026
Accumulated investment return distributed (*Note 7*)	(128,419)	(249,966)	(378,385)
Other changes, net[1]	364,551	(13,601)	350,950
	$ 4,370,115	$ 6,694,943	$ 11,065,058

[1] *Reflects the effects of changes in donor intent and management-directed allocations that result in additions to or withdrawals from endowment. During the year ended June 30, 2018, $325,000 in net assets without donor restrictions was formally designated as funds functioning as endowment for the support of general operations of the University.*

The University has adopted an endowment spending policy that attempts to meet three objectives: (1) provide a predictable, stable stream of earnings to fund participants; (2) ensure the purchasing power of this revenue stream does not decline over time; and (3) ensure the purchasing power of the endowment assets does not decline over time. Under this policy, as approved by the Board of Trustees, investment income, as well as a prudent portion of appreciation, may be appropriated to support the needs of fund participants.

Notes to Consolidated Financial Statements

(All amounts in thousands)

Accumulated investment return distributed (i.e., appropriated) under the University's endowment spending policy is summarized below by the purposes associated with applicable funds for the years ended June 30:

	Without donor restrictions	*With donor restrictions*	**2019** *Total*
Operating purposes:			
Scholarships and fellowships	$ 27,558	$ 103,386	$ 130,944
Academic, religious and student programs	9,394	67,666	77,060
Faculty chairs	6,652	63,269	69,921
Athletics	7,050	6,464	13,514
Libraries	428	9,765	10,193
General operations	89,133	5,131	94,264
Other	1,337	1,227	2,564
	141,552	256,908	398,460
Capital projects	27,176	29	27,205
	$ 168,728	$ 256,937	$ 425,665

	Without donor restrictions	*With donor restrictions*	**2018** *Total*
Operating purposes:			
Scholarships and fellowships	$ 23,393	$ 101,422	$ 124,815
Academic, religious and student programs	5,890	65,433	71,323
Faculty chairs	6,543	61,206	67,749
Athletics	6,248	6,364	12,612
Libraries	436	9,160	9,596
General operations	62,542	5,077	67,619
Other	489	1,275	1,764
	105,541	249,937	355,478
Capital projects	22,878	29	22,907
	$ 128,419	$ 249,966	$ 378,385

NOTE 17.
Split-Interest Agreements

The University's split-interest agreements consist principally of charitable gift annuities and irrevocable charitable remainder trusts for which the University serves as trustee. Split-interest agreement net assets consisted of the following at June 30:

	Without donor restrictions	*With donor restrictions (Note 15)*	**2019** *Total*	**2018** *Total*
Charitable trust assets, held in:				
NDEP (*Note 7*)	$ -	$ 249,127	$ 249,127	$ 239,151
Other investments (*Note 7*)	-	9,616	9,616	9,876
	-	258,743	258,743	249,027
Less obligations[1] associated with:				
Charitable trusts	-	181,332	181,332	176,397
Charitable gift annuities	3,124	5,186	8,310	8,701
	3,124	186,518	189,642	185,098
	$ (3,124)	$ 72,225	$ 69,101	$ 63,929

[1] *Represents the present value of estimated future benefit payments to beneficiaries.*

Notes to Consolidated Financial Statements

(All amounts in thousands)

Assets contributed pursuant to the University's charitable gift annuity program are not held in trust and based on the nature of the agreements are designated as funds functioning as endowment. The aggregate fair value of these assets was $34,937 and $35,609 at June 30, 2019 and 2018, respectively.

Changes in split-interest agreement net assets are summarized below for the years ended June 30:

	Without donor restrictions	*With donor restrictions*	**2019** *Total*	**2018** *Total*
Beginning of the year	$ (3,335)	$ 67,264	$ 63,929	$ 90,040
Contributions:				
Assets received	-	20,814	20,814	17,742
Discounts recognized[1]	-	(14,097)	(14,097)	(12,764)
	-	6,717	6,717	4,978
Change in value of agreements:				
Investment return, net	-	14,809	14,809	27,365
Payments to beneficiaries	(425)	(14,487)	(14,912)	(15,222)
Actuarial adjustments and other changes in obligations	211	9,342	9,553	(5,853)
	(214)	9,664	9,450	6,290
Transfers and other changes, net	425	(11,420)	(10,995)	(37,379)
	$ (3,124)	$ 72,225	$ 69,101	$ 63,929

[1] *Represents the present value of estimated future benefit payments to beneficiaries.*

NOTE 18.
Net Tuition and Fees

Tuition and fees are recognized net of discounts granted in the form of undergraduate scholarships (including grants-in-aid to student-athletes) and graduate and professional fellowships. Net tuition and fees is comprised of the following for the years ended June 30:

	2019		
	Tuition and fees	*Scholarships and fellowships*	*Net tuition and fees*
Undergraduate programs	$ 465,030	$ (181,625)	$ 283,405
Graduate and professional programs	194,120	(136,170)	57,950
	$ 659,150	$ (317,795)	$ 341,355

	2018		
	Tuition and fees	*Scholarships and fellowships*	*Net tuition and fees*
Undergraduate programs	$ 444,467	$ (172,831)	$ 271,636
Graduate and professional programs	185,145	(127,662)	57,483
	$ 629,612	$ (300,493)	$ 329,119

Notes to Consolidated Financial Statements

(All amounts in thousands)

NOTE 19.
Grants and Contracts

The University recognized operating revenues based on direct expenditures and related indirect costs funded by grants and contracts as follows for the years ended June 30:

	Direct	Indirect	2019 Total	2018 Total
Provided for:				
Research	$ 105,337	$ 27,638	$ 132,975	$ 126,074
Other sponsored programs	13,198	618	13,816	14,145
	$ 118,535	$ 28,256	$ 146,791	$ 140,219

	Direct	Indirect	2019 Total	2018 Total
Provided by:				
Federal agencies	$ 87,126	$ 25,605	$ 112,731	$ 102,210
State and local agencies	927	27	954	1,699
Private organizations	30,482	2,624	33,106	36,310
	$ 118,535	$ 28,256	$ 146,791	$ 140,219

As reflected in *Note 10*, the University had received $61,848 in refundable advances on awards as of June 30, 2019. In addition, the University had unexpended grant awards of approximately $125,000 for which funding has not been received. Revenue for these awards will be recognized as their associated conditions are fulfilled.

Funding for federally sponsored research and other programs is received from the U.S. government, as well as from other universities and private organizations that subcontract sponsored research to the University. The University's primary sources of federal research support are the Department of Health and Human Services and the National Science Foundation.

The University also administers certain federally sponsored programs, primarily related to student financial aid, for which it recognizes neither revenues nor expenses. Receipts and disbursements for such programs totaled $16,384 for the year ended June 30, 2019, including $7,797 related to Reserve Officers Training Corps ("ROTC") scholarships. Receipts and disbursements for the year ended June 30, 2018, were $15,174, including $7,196 in ROTC scholarships.

Notes to Consolidated Financial Statements

(All amounts in thousands)

NOTE 20.
Sales and Services of Auxiliary Enterprises

Revenues recognized from auxiliary enterprises are summarized as follows for the years ended June 30:

	2019	2018
Intercollegiate athletics:		
Contract-based revenues	$ 121,828	$ 101,019
Other revenues	31,378	32,029
Student residential, dining and laundry revenues, net	95,823	92,649
Retail food services and hotel revenues	26,471	26,558
Event management services	13,229	1,264
Other auxiliary revenues	18,451	18,047
	$ 307,180	$ 271,566

NOTE 21.
Contingencies and Commitments

The University is a defendant in various legal actions arising out of the normal course of its operations. Although the final outcome of such actions cannot currently be determined, the University believes that eventual liability, if any, will not have a material effect on the University's financial position.

All funds expended in conjunction with government grants and contracts are subject to audit by government agencies. In the opinion of management, any liability resulting from these audits will not have a material effect on the University's financial position.

The University leases space and equipment for academic and administrative purposes under noncancelable operating leases. Minimum future payments under these lease agreements are summarized by fiscal year as follows:

2020	$ 2,997
2021	2,611
2022	2,375
2023	2,240
2024	2,152
2025 through 2080	60,800
	$ 73,175

At June 30, 2019, the University also has contractual commitments of approximately $70,000 related to ongoing major construction projects. Estimated remaining expenditures on these projects, certain of which are likely to span multiple fiscal years, are approximately $220,000.

University Administration

As of June 30, 2019

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