ILLINOIS INSTITUTE OF TECHNOLOGY

Consolidated Financial Statements and Supplemental Information

May 31, 2009 and 2008

(With Independent Auditors' Report Thereon)

ILLINOIS INSTITUTE OF TECHNOLOGY

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ILLINOIS INSTITUTE OF TECHNOLOGY

Consolidated Statements of Financial Position

May 31, 2009 and 2008

(In thousands of dollars)

Assets		**2009**	**2008**
Cash	$	2,839	2,189

ILLINOIS INSTITUTE OF TECHNOLOGY

Consolidated Statement of Activities

Year ended May 31, 2009

(In thousands of dollars)

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating revenue:				
Tuition and fees, net of scholarships of $52,708	$ 102,456	—	—	102,456
Government grants and contracts	39,464	—	—	39,464
Private grants and contracts	13,218	—	—	13,218
Private gifts	7,353	1,251	—	8,604
Endowment spending distribution (note 13)	15,986	—	—	15,986
Sales and services of auxiliary enterprises	12,060	—	—	12,060
Other sources	16,006	—	—	16,006
Net assets released from restrictions	6,162	(6,162)	—	—
Total operating revenue	212,705	(4,911)	—	207,794
Operating expenses:				
Faculty salaries	49,309	—	—	49,309
Administrative salaries	44,016	—	—	44,016
Part-time salaries	14,751	—	—	14,751
Employee benefits	21,071	—	—	21,071
Operations and maintenance	23,193	—	—	23,193
Supplies and services	33,251	—	—	33,251
Professional fees and advertising	13,196	—	—	13,196
IITRI research	14,497	—	—	14,497
Depreciation	15,127	—	—	15,127
Total operating expenses	228,411	—	—	228,411
Decrease in net assets from operating activities	(15,706)	(4,911)	—	(20,617)
Nonoperating revenue and expenses:				
Private gifts	—	—	9,932	9,932
Interest on indebtedness	(9,447)	—	—	(9,447)
Net loss on investments (note 4)	(96,182)	—	(4,623)	(100,805)
Net loss on impairment of asset	(1,900)	—	—	(1,900)
Endowment spending distribution (note 13)	(15,986)	—	—	(15,986)
Endowment income (note 4)	4,813	—	—	4,813
Net loss on disposal of assets	(180)	—	—	(180)
Asset retirement obligation accretion	(248)	—	—	(248)
Other	108	—	—	108
Increase (decrease) in net assets from nonoperating activities	(119,022)	—	5,309	(113,713)
Increase (decrease) in net assets	(134,728)	(4,911)	5,309	(134,330)
Net assets at beginning of year	184,232	23,766	166,084	374,082
Net assets at end of year	$ 49,504	18,855	171,393	239,752

See accompanying notes to consolidated financial statements.

ILLINOIS INSTITUTE OF TECHNOLOGY

Consolidated Statement of Activities

Year ended May 31, 2008

(In thousands of dollars)

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating revenue:				
Tuition and fees, net of scholarships of $46,365	$ 96,747	—	—	96,747
Government grants and contracts	44,323	—	—	44,323
Private grants and contracts	19,615	—	—	19,615
Private gifts	6,337	9,607	—	15,944
Endowment spending distribution (note 13)	16,935	—	—	16,935
Sales and services of auxiliary enterprises	12,502	—	—	12,502
Other sources	13,587	—	—	13,587
Net assets released from restrictions	9,030	(9,030)	—	—

ILLINOIS INSTITUTE OF TECHNOLOGY

Consolidated Statements of Cash Flows

Years ended May 31, 2009 and 2008

(In thousands of dollars)

		2009	2008
Cash flows from operating activities:			
Decrease in net assets	$	(134,330)	(57,133)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:			
Effect of change in accounting principle		—	(462)
Private gifts restricted for long-term investment		(9,932)	(4,923)
Depreciation		15,127	14,085
Loss on beneficial interest in perpetual trusts		4,623	497
Contribution of fixed assets		—	(55)
Net loss on disposal of assets		180	28
Loss on impairment of asset		1,900	—
N			

(1) Nature of Organization

Illinois Institute of Technology

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

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

IIT France is a private not-for-profit entity located in Paris, France. The entity has been created to promote French and European students to the programs of the University and to welcome visiting students from the University.

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

Unrestricted – Net assets that are not subject to donor-imposed restrictions.

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

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

(c) Operations

Operating results in the consolidated statements of activities reflect all transaction increasing or decreasing unrestricted net assets except those items associated with long-term investment, interest expense, and other infrequent gains, losses, revenues, and expenses.

(d) Revenue

Revenue is reported as an increase in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

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

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

(Continued)

the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Revenue from University government grant and contract agreements is recognized as it is earned through expenditure in accordance with the agreement.

Tuition and other revenue received prior to the end of one fiscal year, which relates to future periods, are recorded as deferred revenue.

IITRI's research project revenue results from contract research and other services under a variety of contracts, some of which provide for reimbursement of cost plus fees and others, which are fixed-price or time and materials type contracts. IITRI generally recognizes revenue when a contract has been executed, the contract price is fixed or determinable, delivery of the services or product has occurred, and collectibility of the contract price is considered probable. Revenue on cost-plus contracts is recognized as costs are incurred and include a proportionate share of the fees earned. The percentage-of-completion method is used to recognize revenue on fixed contracts based on various performance measures. From time to time, facts develop that require IITRI to revise its estimated total costs or revenues expected. The cumulative effect of revised estimates is recorded in the period in which the facts requiring revisions become known. The full amount of anticipated losses on any type of contract is recognized in the period in which they become known. Under time-and-materials

(Continued)

(i) Impairment of Long-lived Assets

The University and IITRI account for long-lived assets in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-lived Assets*. This Statement requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

(j) Beneficial Interest in Perpetual Trusts

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

(k) Split-interest Agreements

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

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

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

(l) Income Taxes

The University and IITRI have each received a determination letter from the Internal Revenue Service indicating that they are tax-exempt organizations as provided in Section 501(c)(3) of the Internal Revenue Code of 1986 and, except for taxes related to unrelated business income, are exempt from Federal and state income taxes.

Management has included a provision for income taxes on unrelated business income related to the University's interest in certain partnership investments. The unrelated business income liability at May 31, 2009 of $315 is reported in accounts payable and accrued expenses.

(Continued)

(m) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts

(In thousands of dollars)

Assets Measured on a Recurring Basis

The following table presents information about the University's financial assets that are measured at the fair value of the recurring basis as of May 31, 2009, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value.

		Level 1	Level 2	Level 3
Assets:				
Investments				
Cash and cash equivalents	$	27,640	—	—
Stocks		145	—	—
Equity mutual funds		77,920	—	16,520
Bonds (IITRI)		8,834	—	—
Fixed income mutual funds		19,362	—	—
Hedge funds		—	—	—
Private equity funds		—	—	6,652
Alion notes and warrants		—	—	12,003
Real estate		—	—	8,348
Subtotal before perpetual trusts		133,901	—	43,523
Beneficial interest in perpetual trusts		—	—	17,213
Total	$	133,901	—	60,736

The table below presents a reconciliation and income statement classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended May 31, 2009:

	Alion notes and	Real	Equity mutual	Private equity	Beneficial interest in perpetual

(In thousands of dollars)

For investment purposes, the University pools substantially all assets of its endowment accounts. Each account owns "units" of the consolidated investment pool. The pooled assets are valued on a monthly basis and a fair value per unit is determined which is used to calculate the number of units purchased by accounts entering the pool and redeemed by accounts withdrawing from the pool. Income (interest, dividends, and rents) earned by the investment pool is distributed to the individual accounts on the basis of average units owned by each account in the pool during the year.

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

		2009	2008
Return on investments:			
Interest and dividends	$	4,813	7,108
Net realized gain (loss) on sale of investments		(54,384)	28,177
Net unrealized loss on investments		(46,421)	(54,797)
Net return on investments	$	(95,992)	(19,512)

The return on investments reflects interest income from investments held by IITRI of $505 and $815 for 2009 and 2008, respectively.

(5) Pledges Receivable

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

		2009	2008
Pledges receivable	$	17,325	16,064
Allowance for uncollectible pledges		(232)	(254)
Discount to present value future cash flows		(2,867)	(2,795)
Net pledges receivable	$	14,226	13,015

The following is a summary showing the expected timing of collection of total gross unconditional pledges receivable outstanding as of May 31, 2009:

Fiscal year(s)		Amount
2010	$	6,130
2011 through 2015		8,991
2016 and thereafter		2,204
	$	17,325

(In thousands of dollars)

(6) Physical Properties

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

		2009	2008
Land and land improvements	$	30,039	31,939
Building and building improvements		342,587	296,791
Equipment and library collection		90,904	88,972
Construction in progress		9,173	33,534
Total physical properties		472,703	451,236
Less accumulated depreciation		197,518	182,846
Physical properties, net	$	275,185	268,390

During 2008, the University completed a purchase of a surface parking lot at the corner of Jefferson and Jackson Streets, Chicago, Illinois, which is in close proximity to the University's downtown campus. The land parcel was purchased for $7,800. During 2009, the land parcel was valued at $5,900. In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long Lived Assets,* the University recorded an impairment of the asset for $1,900 and an expense on the statement of activities in nonoperating revenue and expenses.

(7) Beneficial Interest in Perpetual Trusts

The University is an income beneficiary of certain irrevocable trusts that are held and controlled by independent trustees. The University has no equity interest in the principal of these trusts. At May 31, 2009 and 2008, the share of these trusts from which the University derives income had a combined fair value of $17,213 and $21,836, respectively. These trusts provided unrestricted income of $459 and $471 in fiscal 2009 and 2008, respectively.

(In thousands of dollars)

(9) Accrued Postretirement Benefit Obligation

The University created a retirement incentive program for tenured faculty in November 2006. As part of the incentive program, certain medical benefits are offered to participants. A reconciliation of the plan's funded status with the accrued benefit cost reported on the statement of financial position at May 31, 2009 and 2008 is presented below. The accumulated postretirement benefit obligation disclosed below is the actuarial value of future benefits used on employees' service rendered through the measurement date.

		2009	2008
Change in accumulated postretirement benefit obligation at beginning of the period	$	1,462	11,059
Service cost		13	99
Interest cost		91	186
Plan amendments		—	(9,817)
Actuarial gain		119	(47)
Actuarial benefit payments net contributions		(24)	(18)
Accumulated postretirement benefit obligation at end of the period		1,661	1,462
Change in fair value of plan assets:			
Fair value of plan assets at beginning of period		—	—
Employer contribution		24	18
Participant contributions		39	30
Total benefit payments		(63)	(48)
Fair value of plan assets at end of the period		—	—
Funded status	$	(1,661)	(1,462)
Amounts recognized in the statement of financial position consist of:			
Liability	$	(1,661)	(1,462)

(In thousands of dollars)

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

		2009	2008
Service cost	$	13	99
Interest cost		91	186
Amortization of net gain		(28)	—
Amortization of prior service cost		11	240
Net periodic postretirement benefit cost	$	87	525

Actuarial Assumptions

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

	2009	2008
Discount rate (expense)	6.00%	6.00%
Discount rate (obligation)	6.00	6.00
Health care cost trend rates:		
Next two fiscal years	10.0 – 11.0	11.0 – 12.0
Next seven fiscal years	5.0 – 9.0	5.0 – 10.0
Thereafter	5.00	5.00

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

		2009	2008
Effect on total service cost and interest cost:			
One-percentage point increase	$	117	321
One-percentage point decrease		93	(253)
Effect on year-end postretirement benefit obligation:			
One-percentage point increase		189	184
One-percentage point decrease		(163)	(156)

(Continued)

(In thousands of dollars)

Estimated Future Benefits Payments

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

Fiscal year		
2010	$	47
2011		63
2012		78
2013		94
2014		113
2015 – 2019		692

Plan Amendment

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

(10) Employee Benefit Plans

Pension Plan

Substantially all full time employees of the University and IITRI are participants in defined contribution retirement plans that are funded by contributions from the University, IITRI, and participating employees. Total contributions made under the plans for the years ended May 31, 2009 and 2008 were $5,700 and $4,960 by the University and $362 and $402 by IITRI, respectively.

Health Care Benefit Plans

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

IITRI offers a health care benefits plan (the Plan) that provides for certain medical and dental expense coverage including certain vision discounts for all eligible employees and dependents. The Plan is fully insured and underwritten by the Aetna Life Insurance Company. Under this Plan, premium contributions are shared by both IITRI and plan participants.

(Continued)

(11) Functional Classification of Expenses

Operating and nonoperating expenses are reported in the statements of activities by natural business

(In thousands of dollars)

Changes in endowment net assets for year ended May 31, 2008:

		Unrestricted	Permanently restricted	Total
Net assets, beginning of year	$	136,102	127,661	263,763
Endowment-related investment return:				
Endowment-related investment income, net		5,113	—	5,113
Endowment-related net realized and unrealized losses		5,993	—	5,993
Total endowment-related investment return		11,106	—	11,106
Contributions		28,809	7,329	36,138
Appropriation		(16,935)	—	(16,935)
Net assets, end of year	$	159,082	134,990	294,072

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the University to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were $8,589 as of

UPMIFA Reclassification

On June 30, 2009 (subsequent to the balance sheet date), the State of Illinois enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The University will be required to reclassify the remaining portion of the donor-restricted endowment fund not classified as permanently restricted as temporarily restricted until appropriated for expenditure by the governing board. As a result of the enactment of UPMIFA, the University expects $15,246 of unrestricted net assets to be reclassified to temporarily restricted net assets on June 30, 2009.

(14) Leases

In December 1999, the University leased its undeveloped property located at 32nd Street between Michigan Avenue and Indiana Avenue, to Michigan Place LLC for a term of 100 years. The agreement requires Michigan Place LLC to pay the University $815 in total lease payments. The University has received these payments.

In May 2002, the University entered into a 40 year ground lease agreement with IIT State Street, NFP, to lease property on the University's campus for the purpose of building housing to lease to students, faculty, and staff of the University or employees of other not-for-profit educational institutions in the area. Under this agreement, the University will receive annual lease payments of $5 over the term of the lease.

In January 2007, the University entered into a five year space rental lease with 350 LLC. The lease agreement requires the University to pay $994, $1,027 and $1,060 over the next three years for rent. The lease expires on August 31, 2012. The lease involves occupying space in the building located at 350 North. LaSalle.

(15) Contingencies

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

(16) Subsequent Events

In July 2009, the University issued $30,000 in fixed rate revenue bonds through Illinois Finance Authority. The bonds will be used to finance the costs of construction and renovations for educational facilities of the University and pay for certain expense incurred in conjunction with the issuance of the bonds.

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Independent Auditors' Report on Supplemental Information

The Board of Trustees
Illinois Institute of Technology:

We have audited and reported separately herein on the consolidated financial statements of Illinois Institute of Technology (the University) as of and for the years ended May 31, 2009 and 2008.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements of the University taken as a whole. The supplementary information included in schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements of the University. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

September 30, 2009

Schedule 1

ILLINOIS INSTITUTE OF TECHNOLOGY

Consolidating Statement of Financial Position

May 31, 2009

(In thousands of dollars)

Assets	University	IITRI	Eliminations	Total
Cash	$ 1,438	1,401	—	2,839
Bond proceeds held by trustees	—	2,174	—	2,174
Investments	168,590	8,834	—	177,424
Notes and accounts receivable:				

Schedule 2

ILLINOIS INSTITUTE OF TECHNOLOGY

Consolidating Statement of Activities

Year ended May 31, 2009

(In thousands of dollars)

	Unrestricted				Temporarily restricted – University	Permanently restricted – University	Total
	University	IITRI	Interentity eliminations	Total			
Operating revenue:							
Tuition and fees, net of scholarships of $52,708	$ 102,456	—	—	102,456	—	—	102,456
Government grants and contracts	30,844	8,620	—	39,464	—	—	39,464
Private grants and contracts	5,365	7,853	—	13,218	—	—	13,218
Private gifts	7,653	—	(300)	7,353	1,251	—	8,604
Endowment spending distribution	15,986	—	—	15,986	—	—	15,986
Sales and services of auxiliary enterprises	12,060	—	—	12,060	—	—	12,060
Other sources	17,163	—	(1,157)	16,006	—	—	16,006
Net assets released from restrictions	6,162	—	—	6,162	(6,162)	—	—
Total operating revenue	197,689	16,473	(1,457)	212,705	(4,911)	—	207,794
Operating expenses:							
Faculty salaries	49,309	—	—	49,309	—	—	49,309
Administrative salaries	44,016	—	—	44,016	—	—	44,016
Part-time salaries	14,751	—	—	14,751	—	—	14,751
Employee benefits	21,071	—	—	21,071	—	—	21,071
Operations and maintenance	23,193	—	—	23,193	—	—	23,193
Supplies and services	33,251	—	—	33,251	—	—	33,251
Professional fees and advertising	13,196	—	—	13,196	—	—	13,196
IITRI research	—	15,654	(1,157)	14,497	—	—	14,497
Depreciation	13,802	1,325	—	15,127	—	—	15,127
Total operating expenses	212,589	16,979	(1,157)	228,411	—	—	228,411
Decrease in net assets from operating activities	(14,900)	(506)	(300)	(15,706)	(4,911)	—	(20,617)
Nonoperating revenue and expenses:							
Private gifts	—	—	—	—	—	9,932	9,932
Interest on indebtedness	(8,956)	(491)	—	(9,447)	—	—	(9,447)
Net loss on investments	(96,182)	—	—	(96,182)	—	(4,623)	(100,805)
Net loss on impairment of asset	(1,900)	—	—	(1,900)	—	—	(1,900)
Endowment spending distribution (note 13)	(15,986)	—	—	(15,986)	—	—	(15,986)
Endowment income	4,308	505	—	4,813	—	—	4,813
Net loss on disposal of assets	(180)	—	—	(180)	—	—	(180)
Asset retirement obligation accretion	(248)	—	—	(248)	—	—	(248)
Other	108	(300)	300	108	—	—	108
Equity income from IITRI	(792)	—	792	—	—	—	—
Increase (decrease) in net assets from nonoperating activities	(119,828)	(286)	1,092	(119,022)	—	5,309	(113,713)
Increase (decrease) in net assets	(134,728)	(792)	792	(134,728)	(4,911)	5,309	(134,330)
Net assets at beginning of year	184,232	17,186	(17,186)	184,232	23,766	166,084	374,082
Net assets end of year	$ 49,504	16,394	(16,394)	49,504	18,855	171,393	239,752

(a) Elimination of interentity utility income and expense.

ILLINOIS INSTITUTE OF TECHNOLOGY

Consolidating Statement of Cash Flows

Year ended May 31, 2009

(In thousands of dollars)

		University	IITRI	Eliminations	Total
Cash flows from operating activities:					
Decrease in net assets	$	(134,330)	(792)	792	(134,330)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:					
Effect of change in accounting principle		—	—	—	—
Private gifts restricted for long-term investment		(9,932)	—	—	(9,932)
Depreciation		13,802	1,325	—	15,127
Loss on beneficial interest in perpetual trusts		4,623	—	—	4,623
Contribution of fixed assets		—	—	—	—
Net loss on disposal of assets		180	—	—	180
Loss on impairment of asset		1,900	—	—	1,900
Net loss on investments		111,978	—	—	111,978
Accretion on asset retirement obligation		248	—	—	248
Changes in assets and liabilities:					