



CREATING
THE
NEXT

FINANCIAL REVIEW
JULY 2014 - JUNE 2015

MESSAGE FROM THE EXECUTIVE VICE PRESIDENT FOR ADMINISTRATION AND FINANCE



STEVEN G. SWANT

ADMINISTRATION AND FINANCE

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Assistant Vice President
for Administration and Finance

L. Renee Brown

Executive Assistant to the
Executive Vice President

Introduction and Overview

I am pleased to present the Fiscal Year 2015 financial report for the Georgia Institute of Technology, "Georgia Tech," reflecting the continued financial strength of the Institute. Throughout the fiscal year, Georgia Tech has demonstrated its critical commitment to defining the technological research university of the 21st century. We continue to build the institution's financial resources through increased enrollment, research performance, public support, and philanthropy. This has enabled us to continue building an outstanding physical environment, invest in administrative infrastructure, and develop a strong workforce to advance the Institute's core mission of teaching, research, service, and economic development.

Summary of Financial Schedules

In 2015, Georgia Tech maintained a strong financial position, due primarily to healthy enrollment trends, a diversified and robust portfolio of sponsored research awards, and the efforts of our campus academic and administrative partners. The financial schedules indicate that Georgia Tech completed another strong fiscal year.

Total assets now stand at \$2.27 billion, including the addition of the Engineered Biosystems Building (EBB) in 2015. Annual revenues met established targets for the year, with growth of tuition and fee revenue of 10 percent and growth of grants and contracts revenue of 6 percent compared to 2014. This year saw changes to governmental accounting standards under GASB No. 68, "Accounting and Financial Reporting for Pensions." Primarily due to the new reporting requirements, Total Net Position decreased by \$218 million to \$1.3 billion from fiscal year 2014 to fiscal year 2015. The revised standards necessitated a change in reporting only. Operational procedures stayed the same. The Institute's financial position remains strong.

As one of the institutions that comprise the University System of Georgia (USG) governed by the Board of Regents, the Institute's financial statements are audited annually by the Georgia Department of Audits and Accounts (DOAA).

Looking to the Future

Georgia Tech is well positioned in growing and emerging areas of research that are of interest and value to the scientific community, federal sponsors, and other key constituencies. For this reason, Georgia Tech expects to continue its strong sponsored revenue performance in the coming fiscal years.

Georgia Tech continues to develop the capital infrastructure needed to support the Institute's academic and research missions. Recently, we celebrated the opening of the EBB, the newest building on campus to feature collaborative workspace and laboratories for multidisciplinary research in bioscience and biotechnology. In addition, the Institute continues with preparations for the renovation of the Price Gilbert Library-Crosland Tower. This highly anticipated project will provide the integrated learning and technology infrastructure needed to meet the evolving needs of our students and faculty. Approved by the Board of Regents in 2015, the High Performance Computing Center will break ground next year in the heart of Midtown Atlanta to foster greater collaboration and interdisciplinary research between Georgia Tech and industry partners. These and other projects will continue to provide state-of-the-art curricular, co-curricular, and research space that our faculty and students will need as the Institute continues to grow over the coming years.

As we target future growth in teaching and research, Georgia Tech is actively preparing for the future workforce that will make our vision a reality. Our faculty and staff thought leaders are actively exploring emerging workplace and management trends as well as the likely preferences and characteristics of future employees. By defining the "Workforce of the Future," we will ensure we have highly skilled, productive, and engaged employees in the coming years.

Summary

Institutional effectiveness and financial sustainability are critical components to defining the technological research university of the 21st century. I have every confidence that we will meet the challenges and opportunities of the coming years with energy, creativity, and an uncompromising commitment to the pursuit of excellence, supported by sound and prudent financial policies and best-in-class administrative and business processes.

Sincerely,

Steven G. Swant
Executive Vice President
Administration and Finance

GEORGIA INSTITUTE OF TECHNOLOGY

STATEMENT OF NET POSITION

(dollars in thousands)

	Georgia Tech June 30, 2014 (audited)	Georgia Tech June 30, 2015 (unaudited)	Affiliated Organizations June 30, 2015 (audited)
ASSETS			
Current Assets			
Cash and Cash Equivalents	231,019	225,711	116,731
Short-Term Investments	154	155	
Accounts Receivable, Net			
Receivables - Federal Financial Assistance	63,355	64,162	
Receivables - Other	43,119	36,675	51,526
Due from Affiliated Organizations	81	10,317	986
Net Investment in Capital Leases			8,608
Leases Receivable			8,685
Pledges Receivable			2,605
Contributions Receivable			22,234
Due from Primary Government			223
Inventories	343	832	3
Prepaid Items	10,893	11,330	1,666
Notes and Mortgages Receivable			1,713
Other Assets			55,624
Total Current Assets	348,964	349,182	270,604
Noncurrent Assets			
Noncurrent Assets	323	75	10,890
Investments (Externally Restricted)			629,489
Due from Affiliated Organizations			117,099
Due from Primary Government			604
Due from USO - Capital Liability Reserve Fund	2,276	2,276	
Investments (Including Real Estate)	72,443	72,286	935,253
Notes Receivable, Net	12,406	12,306	2,362
Net Investment in Capital Leases			248,932
Leases Receivable			154,470
Pledges Receivable			9,386
Contributions Receivable			90,901
Capital Assets, Net	1,726,133	1,831,243	327,327
Other Assets			33,813
Total Noncurrent Assets	1,813,581	1,918,186	2,560,526
TOTAL ASSETS	2,162,545	2,267,368	2,831,130
DEFERRED OUTFLOWS OF RESOURCES			
Accumulated Decrease in Fair Value of Hedging Derivatives			22,166
Deferred Loan Origination Costs			30,135
Deferred Loss on Defined Benefit Pension Plan		37,501	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	37,501	52,301
LIABILITIES			
Current Liabilities			
Accounts Payable	42,913	40,406	19,625
Salaries Payable	2,446	2,560	
Benefits Payable	505	566	
Contracts Payable	8,879	7,709	
Deposits	40,794	37,632	13,022
Advances (Including Tuition and Fees)	22,082	23,210	
Advances and Other Deferrals			80,687
Other Liabilities	1,326	2,472	906
Deposits Held for Other Organizations	10,238	10,913	
Due to Primary Government			99,577
Lease Purchase Obligations	16,823	16,329	8,041
Compensated Absences	25,364	27,757	581
Revenue/Mortgage Bonds Payable			21,145
Liabilities under Split-Interest Agreements			2,343
Due to Affiliated Organizations		88	1,512
Notes and Loans Payable			42,124
Total Current Liabilities	171,370	169,642	289,563
Noncurrent Liabilities			
Lease Purchase Obligations	460,966	448,693	101,236
Advances (Including Tuition and Fees)	6,262		93
Compensated Absences	16,555	16,060	
Net Pension Liability		275,455	
Revenue/Mortgage Bonds Payable			723,871
Liabilities under Split-Interest Agreements			9,092
Due to Affiliated Organizations			119,062
Notes and Loans Payable			15,983
Other Long-Term Liabilities			9,744
Total Noncurrent Liabilities	483,783	740,208	979,081
TOTAL LIABILITIES	655,153	909,850	1,268,644
DEFERRED INFLOWS OF RESOURCES			
Deferred Grants Received in Advance of Timing Requirements		3,761	
Deferred Gain on Defined Benefit Pension Plan		95,844	
Deferred Inflows - Other		6,069	
TOTAL DEFERRED INFLOWS OF RESOURCES	-	105,674	-
NET POSITION			
Net Investment in Capital Assets	1,245,845	1,356,512	(52,670)
Restricted for			
Nonexpendable	63,074	63,035	659,962
Expendable	60,720	29,992	824,970
Unrestricted	137,753	(160,194)	182,525
TOTAL NET POSITION	1,507,392	1,289,345	1,614,787

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the Institute as of the end of the fiscal year. The purpose of the Statement of Net Position is to present a financial condition snapshot of the Georgia Institute of Technology as of June 30, 2015.

The Statement of Net Position is prepared under the accrual basis of accounting, which requires revenue and asset recognition when the service is provided, and expense and liability recognition when goods or services are received despite when cash is actually exchanged.

GEORGIA INSTITUTE OF TECHNOLOGY STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

(dollars in thousands)

	Georgia Tech June 30, 2014 (audited)	Georgia Tech June 30, 2015 (unaudited)	Affiliated Organizations June 30, 2015 (audited)
REVENUES			
Operating Revenues			
Student Tuition and Fees (Net of Allowance for Doubtful Accounts)	326,785	359,168	
Less: Scholarship Allowances	(39,582)	(40,595)	
Gifts and Contributions			98,269
Grants and Contracts			
Federal	486,490	517,938	566,556
Federal Stimulus	6,889	2,969	
State	12,282	10,462	12,265
Other	189,450	204,704	63,347
Sales and Services	32,473	40,815	55,448
Rents and Royalties	486	633	53,292
Auxiliary Enterprises			
Residence Halls	67,324	71,124	
Bookstore	2,041	1,974	
Food Services	2,626	3,028	
Parking/Transportation	15,975	17,082	
Health Services	8,748	8,943	
Other Organizations	2,368	2,438	
Interest and Dividend Income			13,875
Other Operating Revenues	9,097	4,242	63
Total Operating Revenues	1,123,452	1,204,925	863,115
EXPENSES			
Operating Expenses			
Salaries			
Faculty	329,366	369,505	
Staff	336,637	335,159	7,128
Employee Benefits	150,676	152,839	1,524
Other Personal Services	661	795	187
Travel	25,701	27,418	6,105
Scholarships and Fellowships	13,480	14,076	9,348
Utilities	32,582	37,628	1,115
Supplies and Other Services	355,838	385,123	31,835
Depreciation/Amortization	87,125	88,326	15,644
Payments to Other Affiliated Organizations			6,223
Payments to or on Behalf of Georgia Institute of Technology			756,692
Total Operating Expenses	1,332,066	1,410,869	835,801
Operating Income (Loss)	(208,614)	(205,944)	27,314
NONOPERATING REVENUES (EXPENSES)			
State Appropriations	222,083	227,216	
Grants and Contracts			
Federal	12,692	12,079	
Gifts	31,843	34,074	4,539
Investment Income (Endowments, Auxiliary, and Other)	14,358	15,151	32,074
Interest Income			3
Interest Expense (Capital Assets)	(25,545)	(25,688)	(42,069)
Other Nonoperating Revenues	10,675	1,410	
Net Nonoperating Revenues (Expenses)	266,106	264,242	(5,453)
Income Before Other Revenues, Expenses, Gains, or Losses	57,492	58,298	21,861
Capital Grants and Gifts			
State	6,343	68,532	522
Other	633		
Additions to Permanent Endowments			43,218
Total Other Revenues, Expenses, Gains, or Losses	6,976	68,532	43,740
Increase in Net Position	64,468	126,830	65,601
NET POSITION			
Net Position - Beginning of Year, Restated	1,442,924	1,162,515	1,549,186
Net Position - End of Year	1,507,392	1,289,345	1,614,787

Statement of Revenues, Expenses, and Changes in Net Position

Changes in Total Net Position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues received by the Institute — both operating and nonoperating — and the expenses paid by the Institute — operating and nonoperating — and any other revenues, expenses, gains, and losses received or spent by the Institute.

It is important to note that state appropriations are treated as “nonoperating revenue” rather than “operating revenue,” a presentation requirement that makes it appear that Georgia Tech and other public colleges and universities have an “operating loss.” A full picture of the year’s operations can be seen from the “Net Position - End of Year” line at the bottom on the Statement of Revenues, Expenses, and Changes in Net Position.

GEORGIA INSTITUTE OF TECHNOLOGY STATEMENT OF CASH FLOWS

(dollars in thousands)

Georgia Tech Georgia Tech
June 30, 2014 June 30, 2015
(audited) (unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and Fees	287,902	318,863
Grants and Contracts (Exchange)	688,098	734,793
Sales and Services	32,159	37,559
Payments to Suppliers	(521,622)	(580,121)
Payments to Employees	(664,493)	(702,653)
Payments for Scholarships and Fellowships	(13,480)	(14,076)
Loans Issued to Students and Employees	(3,171)	(3,313)
Collection of Loans to Students and Employees	3,683	3,413
Auxiliary Enterprise Charges:		
Residence Halls	66,900	71,334
Bookstore	2,041	1,974
Food Services	2,609	3,034
Parking/Transportation	16,097	16,257
Health Services	8,740	8,948
Other Organizations	1,231	2,421
Other Receipts (Payments)	4,983	2,508

Net Cash Used by Operating Activities (88,323) (99,059)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Appropriations	222,083	227,216
Agency Funds Transactions	7,023	675
Gifts and Grants Received for Other Than Capital Purposes	14,476	16,036
Other Nonoperating Receipts (Expenses)	10,175	(1,090)

Net Cash Flows Provided by Noncapital Financing Activities 253,757 242,837

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital Grants and Gifts Received	6,343	9,243
Proceeds from Sale of Capital Assets	8,802	16,771
Purchases of Capital Assets	(111,162)	(146,118)
Principal Paid on Capital Debt and Leases	(18,671)	(18,736)
Interest Paid on Capital Debt and Leases	(26,880)	(25,801)

Net Cash Used by Capital and Related Financing Activities (141,568) (164,641)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on Investments	6,830	15,308
Net Increase/Decrease in Cash	30,696	(5,555)
Cash and Cash Equivalents - Beginning of Year	200,646	231,342

Cash and Cash Equivalents - End of Year 231,342 225,787

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating Loss	(208,615)	(205,945)
Adjustments to Reconcile Net Loss to Net Cash Used by Operating Activities		
Depreciation/Amortization	87,125	88,326
Operating Expenses Related to Noncash Gifts	30,058	30,118
Change in Assets and Liabilities		
Account Receivables, Net	(11,840)	(4,599)
Inventories	35	(489)
Prepaid Items	(2,186)	(438)
Notes Receivable, Net	513	100
Accounts Payable	7,428	(2,132)
Advances (Including Tuition and Fees)	(852)	(2,634)
Other Liabilities	8,866	(2,016)
Compensated Absences	1,144	1,898
Change in Deferred Inflows/Outflows of Resources:		
Deferred Inflows of Resources		105,674
Deferred Outflows of Resources		(37,501)
Net Pension Liability		(69,421)

Net Cash Used by Operating Activities (88,324) (99,059)

NONCASH ACTIVITY

Fixed Assets Acquired by Incurring Capital Lease Obligations	5,970
Change in Fair Value of Investments Recognized as a Component of Interest Income	7,529 (156)
Gifts Other Than Capital Assets Reducing Proceeds of Gifts and Grants for Other Than Capital Purposes	(30,799) (30,118)
Gift Reducing Proceeds of Gifts and Grants Received for Other Than Capital Purposes	(66)
Gift of Capital Assets Reducing Proceeds of Capital Grants and Gifts	(633) (59,289)

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity of the institution during the year. The cash activity and related balances remain strong and reflect the Institute's commitment to making strategic investments in order to sustain and enhance excellence in scholarship and research.

Summary of Significant Accounting Policies

The financial statements presented in this report are modified statements issued under reporting guidelines established by the Governmental Accounting Standards Board (GASB). The statements focus on the financial condition, results of operations, and cash flows of the Institute as a whole, with resources classified for accounting and reporting purposes into five categories: net investment in capital assets, restricted-nonexpendable, restricted-expendable, restricted-capital projects, and unrestricted. The basis of accounting is full accrual, including capitalization and depreciation of equipment and fixed assets.

All intra-Institute transactions are eliminated from the financial statement presentations in the unaudited financial statements. Audited financial statements with accompanying footnote disclosures have not been completed at this time. Copies of the audited financial report will be available upon request.

GEORGIA INSTITUTE OF TECHNOLOGY AFFILIATED ORGANIZATIONS

Summary financial data from the financial statements of each affiliated organization is as follows:
Year ended June 30, 2015 (dollars in thousands) (audited)

	Georgia Tech Foundation	Georgia Tech Facilities	Georgia Tech Alumni Association	Georgia Tech Research Corporation	Georgia Tech Athletic Association	Georgia Advanced Technology Ventures
Total Assets & Deferred Outflows of Resources	1,919,545	307,228	441	206,484	327,058	122,675
Total Liabilities & Deferred Inflows of Resources	451,903	289,242	549	155,109	251,051	120,790
Net Position						
Net Investment in Capital Assets	(22,146)	3,619	227	1,705	(35,940)	(134)
Restricted	1,356,396	8,408			109,163	10,965
Unrestricted	133,392	5,959	(334)	49,670	2,784	(8,947)
Total Net Position	1,467,642	17,986	(107)	51,375	76,007	1,884
Total Liabilities, Deferred Inflows of Resources & Net Position	1,919,545	307,228	442	206,484	327,058	122,674
Revenues	174,578	15,357	6,947	653,312	74,446	18,830
Expenditures	111,312	14,576	6,980	650,436	75,505	19,060
Net Increase (Decrease)	63,266	781	(33)	2,876	(1,059)	(230)
Net Position: July 1, 2014	1,404,376	17,205	(74)	48,499	77,066	2,114
Net Position: June 30, 2015	1,467,642	17,986	(107)	51,375	76,007	1,884

Affiliated Organizations

Governmental financial reporting standards require the discrete reporting of affiliated organizations in the Institute's audited financial statements. For this unaudited annual report, affiliate information is included in the notes. Therefore, notes to the financial statements recognize the significant contributions of six separately incorporated affiliated organizations to the annual operation and performance of the Georgia Institute of Technology. These organizations promote, support, and assist Georgia Tech in its role as a leading educational and research institution in accordance with stated Institute needs and goals. Together, the affiliated organizations add significantly to Institute assets and revenues for programs and services, and ultimately enhance the Institute's performance of its mission.

The financial operations and position of six Institute affiliated organizations are considered component units of the Institute and are included by discrete presentation in the Institute's financial statements. Although these organizations operate exclusively to provide the Institute with supplemental resources and support, they are separately incorporated and managed by their own boards. An annual audit of each organization's financial statements is conducted by independent certified public accountants. These organizations are described below:

Georgia Tech Foundation Inc. is incorporated as a nonprofit corporation under the laws of the state of Georgia to promote in various ways the cause of higher education in the state of Georgia, to raise and receive funds for the support and enhancement of the Georgia Institute of Technology, and to aid the Institute in its development as a leading educational institution.

Georgia Tech Facilities Inc. (GTFI) is incorporated as a nonprofit corporation under the laws of the state of Georgia. The purpose of GTFI is to construct buildings and other facilities as may be appropriate to meet the needs and goals of the Georgia Institute of Technology. GTFI serves as a financing and contracting entity for construction projects on the campus of Georgia Tech, but does not manage buildings after completion.

Georgia Tech Alumni Association Inc. is a nonprofit organization formed to assist the Georgia Institute of Technology in alumni relations and to promote education. The Association is dedicated to the interests and welfare of Georgia Tech. Among its many other programs and activities, the Association acts as a fund-raising arm of the Georgia Tech Foundation through solicitation of gifts from alumni and friends of the Institute on behalf of the Foundation.

Georgia Tech Research Corporation (GTRC) is a Georgia nonprofit corporation organized and operated exclusively for scientific, literary, and educational purposes. GTRC serves as the contracting agency for all sponsored research activities at Georgia Tech. Additionally, GTRC assists Georgia Tech in obtaining quality research space, enters into long-term leases for specialized research equipment and facilities, and conducts other research support programs for Georgia Tech and its affiliated research programs. It also owns all intellectual property created at Georgia Tech and manages patents, copyrights, and licenses. All funds received by GTRC are used to support various Georgia Tech research programs as approved by the Board of Trustees of GTRC.

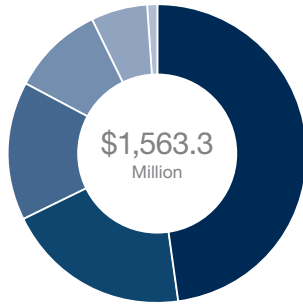
Georgia Tech Athletic Association Inc. is a nonprofit organization created for the express purpose of aiding the educational programs of the Institute by providing physical training, recreation, and intercollegiate athletic facilities; carrying out its athletic programs; and soliciting gifts and grants for the purpose of supporting and enhancing the Institute's varsity athletic programs.

Georgia Advanced Technology Ventures Inc. (GATV) is a Georgia nonprofit organization formed to support the Georgia Institute of Technology's technology transfer and economic development mission. GATV provides capital and operating support for technology transfer and economic development activities, including the Advanced Technology Development Center (ATDC) incubator facilities and services to ATDC-affiliated companies.

Revenue

unaudited, dollars in millions

- Grants & Contracts \$748.1 (48%)¹
- Tuition and Fees \$318.5 (20%)
- State Appropriations \$227.2 (15%)
- Sales, Services, and Other \$151.7 (10%)
- Institute & Capital Gifts \$102.6 (6%)²
- Investment Income \$15.2 (1%)

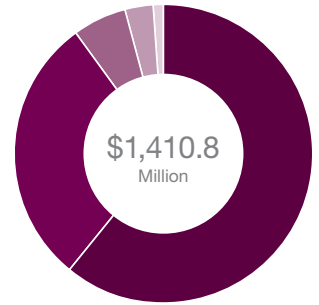


¹Includes reimbursements from GT Affiliated Organizations
²Nonoperating and Capital Gifts given directly to GT (excluding affiliates)

Operating Expenses by Major Class

unaudited, dollars in millions

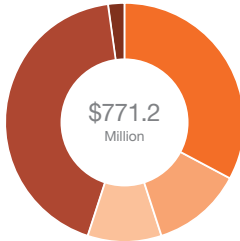
- Salaries and Benefits \$858.3 (61%)
- Travel, Supplies, and Other \$412.5 (29%)
- Depreciation \$88.3 (6%)
- Utilities \$37.6 (3%)
- Scholarships and Fellowships \$14.1 (1%)



Sponsored Expenditures by Major Unit and Source

unaudited, dollars in millions

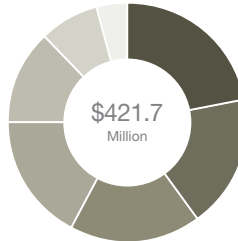
- GT Academic Federal \$249.7 (33%)
- GT Academic GTF/GTRC \$94.2 (12%)
- GT Academic Other \$77.8 (10%)
- GTRI Federal \$333.4 (43%)
- GTRI GTF/GTRC/Other \$16.1 (2%)



Academic Sponsored Expenditures by Major Source

unaudited, dollars in millions

- GTF/GTRC \$94.2 (22%)
- All Other \$77.8 (18%)
- Other Federal \$76.2 (18%)
- NSF \$69.5 (17%)
- Defense Agencies \$53.5 (13%)
- DHHS \$35.0 (8%)
- NASA \$15.5 (4%)

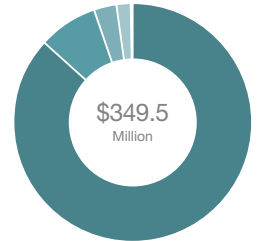


Source: Grants & Contracts Accounting Management Reports
 Includes all amounts invoiced to sponsors

Georgia Tech Research Institute Sponsored Expenditures by Major Source

unaudited, dollars in millions

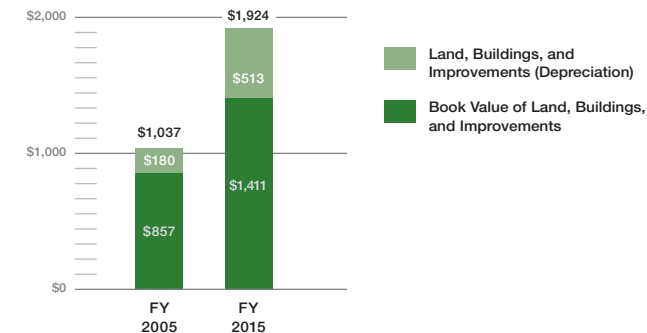
- Defense Agencies \$304.8 (87%)
- Other Federal \$27.8 (8%)
- All Other \$10.3 (3%)
- GTF/GTRC \$5.8 (2%)
- DHHS, NASA, NSF \$0.8 (<1%)



Source: Grants & Contracts Accounting Management Reports
 Includes all amounts invoiced to sponsors

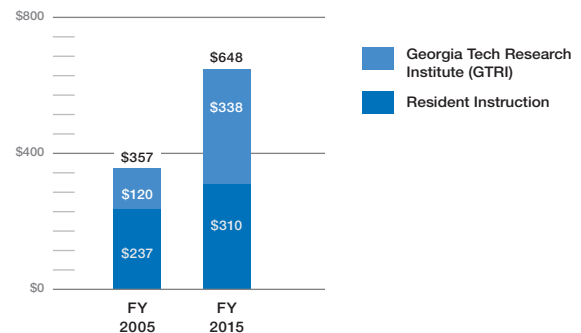
Physical Plant Assets Ten-year Comparison Book Value of Land, Buildings, and Improvements

unaudited, dollars in millions



New Sponsored Awards

unaudited, dollars in millions



CREATING THE NEXT



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Cover image: The
Engineered Biosystems
Building, opened in 2015.



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