PRELIMINARY OFFICIAL STATEMENT DATED JUNE 11, 2019

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

NEW ISSUE | **RATING**
BOOK-ENTRY ONLY | **Moody's: A3**

In the opinion of Ice Miller LLP, Indianapolis, Indiana, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2019 Bonds (as hereinafter defined) is excludable for federal income tax purposes from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax. Such opinion is conditioned on continuing compliance by the Authority and the Borrower with the Tax Covenants (each as hereinafter defined). In the opinion of Ice Miller LLP, Indianapolis, Indiana, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2019 Bonds is exempt from income taxation in the State of Indiana. See "TAX MATTERS" and APPENDIX C herein.

$31,830,000*
INDIANA FINANCE AUTHORITY
Educational Facilities Revenue Bonds, Series 2019
(DePauw University Project)

Dated: Date of Delivery | **Due: July 1, as shown herein**

The above-referenced bonds (the "Series 2019 Bonds") are being issued by the Indiana Finance Authority (the "Authority") pursuant to a Trust Indenture dated as of June 15, 2019 (the "Indenture"), between Wells Fargo Bank, N.A., with a designated corporate trust office in Chicago, Illinois, as trustee (the "Trustee") and the Authority to provide funds which will be loaned to DePauw University (the "Borrower"), and used for the purposes of (a) financing the current refunding in whole of the Indiana Finance Authority Educational Facilities Revenue Bonds, Series 2009A (DePauw University Project) and the Indiana Finance Authority Educational Facilities Revenue Bonds, Series 2009B (DePauw University Project) (together, the "Series 2009 Bonds"), and (b) financing certain costs associated with the issuance of the Series 2019 Bonds, all as more fully described in this Official Statement. See "PLAN OF FINANCING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Series 2019 Bonds are dated the date of their delivery, are issuable in denominations of $5,000 or any integral multiples thereof, and will bear interest from their date of delivery payable on each January 1 and July 1, beginning January 1, 2020. The Series 2019 Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2019 Bonds will be made through the book-entry only system of DTC. Purchasers of beneficial interests in the Series 2019 Bonds ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Series 2019 Bonds. Interest on the Series 2019 Bonds, together with the principal thereof and premium, if any, thereon, will be paid directly to DTC by the Trustee, so long as DTC or its nominee is the registered owner of the Series 2019 Bonds. The disbursement of such payments to the Beneficial Owners of the Series 2019 Bonds will be the responsibility of the DTC Participants and the Indirect Participants (as herein defined). See "DESCRIPTION OF THE SERIES 2019 BONDS --Book-Entry Only System" herein.

In the event that there is no securities depository for the Series 2019 Bonds, the principal of and premium, if any, on the Series 2019 Bonds will be payable upon presentation and surrender thereof at the designated corporate trust office of the Trustee.

The Series 2019 Bonds are subject to optional, extraordinary and mandatory sinking fund redemption prior to maturity, as described in this Official Statement. See "DESCRIPTION OF THE SERIES 2019 BONDS -- Optional Redemption -- Extraordinary Redemption -- Mandatory Redemption of Term Bonds" herein.

THE SERIES 2019 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY ISSUED ON A PARITY BASIS WITH ALL ADDITIONAL BONDS (AS HEREINAFTER DEFINED) WHICH MAY BE ISSUED UNDER THE INDENTURE (THE SERIES 2019 BONDS AND ALL ADDITIONAL BONDS, COLLECTIVELY, THE "BONDS"), ALL OF WHICH ARE PAYABLE SOLELY FROM THE COLLATERAL, AS DEFINED IN THE LOAN AGREEMENT DATED AS OF JUNE 15, 2019, BY AND BETWEEN THE BORROWER AND THE AUTHORITY (THE "LOAN AGREEMENT") (EXCEPT CERTAIN RESERVED RIGHTS OF THE AUTHORITY), INCLUDING THE SERIES 2019 NOTE (AS HEREINAFTER DEFINED) AND ALL ADDITIONAL NOTES (AS HEREINAFTER DEFINED) WHICH MAY BE ISSUED BY THE BORROWER UNDER THE LOAN AGREEMENT (THE SERIES 2019 NOTE AND ALL ADDITIONAL NOTES, COLLECTIVELY, THE "NOTES") AND ENDORSED BY THE AUTHORITY TO THE TRUSTEE. THE SERIES 2019 BONDS ARE NOT A GENERAL OR MORAL OBLIGATION, DEBT OR LIABILITY OF THE AUTHORITY, THE STATE OF INDIANA (THE "STATE"), OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF THE CONSTITUTION OR STATUTES OF THE STATE, OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE AUTHORITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE SERIES 2019 BONDS DO NOT GRANT TO THE HOLDERS THEREOF ANY RIGHT TO HAVE THE AUTHORITY, THE GENERAL ASSEMBLY OF THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE LEVY ANY TAXES OR APPROPRIATE ANY FUNDS FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2019 BONDS AND DO NOT CONSTITUTE OR GIVE RISE TO ANY PECUNIARY LIABILITY OF THE AUTHORITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE AUTHORITY, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2019 BONDS. THE AUTHORITY HAS NO TAXING POWER. SEE "SECURITY FOR THE SERIES 2019 BONDS" HEREIN.

The obligation of the Borrower to make payments under the Loan Agreement and on the Notes is a general and unsecured obligation of the Borrower. See "SECURITY FOR THE SERIES 2019 BONDS" herein.

The Series 2019 Bonds shall mature on July 1 of the years in the principal amounts as set forth on the inside front cover hereof.

The Series 2019 Bonds are offered when, as and if issued by the Authority and received by Raymond James & Associates, Inc. (the "Underwriter"), subject to withdrawal or modification of the offering without notice, and subject to the approving opinion (as to the validity of the Series 2019 Bonds and the tax-exempt status of the Series 2019 Bonds) of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed on for the Authority by Bose McKinney & Evans LLP, Indianapolis, Indiana, as special counsel to the Authority, for the Borrower by Ice Miller LLP, Indianapolis, Indiana, and for the Underwriter by Moore & Van Allen PLLC, Charlotte, North Carolina. It is expected that the Series 2019 Bonds will be delivered against payment therefor in immediately available funds in book-entry form through the facilities of DTC on or about July _____, 2019.

RAYMOND JAMES®

Dated: June ___, 2019

* Preliminary, subject to change

$31,830,000*
Indiana Finance Authority
Educational Facilities Revenue Bonds, Series 2019
(DePauw University Project)

Maturity Date*	Principal Amount*	Interest Rate	Price	Yield	CUSIP[1]
July 1, 2020	$2,030,000				
July 1, 2021	2,095,000				
July 1, 2022	2,160,000				
July 1, 2033	3,125,000				
July 1, 2034	3,280,000				
July 1, 2035	3,455,000				
July 1, 2036	3,630,000				
July 1, 2037	3,820,000				
July 1, 2038	4,015,000				
July 1, 2039	4,220,000				

* Preliminary, subject to change

[1] Copyright 2019, American Bankers Association. CUSIP data herein provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers are provided for convenience and reference only. Neither the Borrower nor the Trustee is responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness on the Series 2019 Bonds or as indicated above.

REGARDING THE USE OF THIS OFFICIAL STATEMENT

This Official Statement is being submitted in connection with the sale of securities as referred to herein and may not be reproduced for use, in whole or in part, for any other purpose. The information set forth herein under the captions "THE AUTHORITY" and "LITIGATION - The Authority" has been obtained from the Indiana Finance Authority (the "Authority"). The Authority assumes no obligation related to any other information set forth herein. All other information set forth herein has been obtained from DePauw University (the "Borrower"), Wells Fargo Bank, N.A. (the "Trustee"), DTC and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and it is not to be construed as a representation by the Authority or by Raymond James & Associates, Inc. (the "Underwriter").

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances or at any time, create any implication that information herein is correct as of any time subsequent to the date of this Official Statement.

No dealer, broker, salesman or any other person has been authorized by the Authority, the Borrower or the Underwriter to give information or to make any representations, other than those contained herein, in connection with the offering of the Series 2019 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the Authority, the Borrower, the Underwriter, the Trustee, or any other entity. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder implies that there has been no change in the matters described herein since the date hereof.

The Series 2019 Bonds are not being registered with the Securities and Exchange Commission in reliance upon an exemption from the Securities Act of 1993, as amended, nor has the Indenture been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the Series 2019 Bonds in accordance with applicable provisions of securities laws of the states in which the Series 2019 Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies have passed upon the merits of the Series 2019 Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense. Under no circumstances shall this Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BORROWER, AND THE TERMS OF THE OFFERING,

INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THESE DOCUMENTS. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

In connection with this offering, the Underwriter may effect certain transactions that stabilize the prices of the Series 2019 Bonds. The Underwriter may offer and sell the Series 2019 Bonds to certain dealers and others at prices lower than the initial offering prices. The offering prices may be changed from time to time by the Underwriter without prior notice. In addition, the Underwriter makes no representation that it will engage in such transactions or that such transactions, if commenced, will not be discontinued without notice.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "believe," "expect," "estimate," "anticipate," "intend," "projected," "budget," "could," or other similar words or expressions. All such forward-looking statements are expressly qualified by the cautionary statements set forth in this Official Statement. Additionally, all statements in this Official Statement, including forward-looking statements, speak only as of the date they are made, and none of the Authority or the Underwriter undertakes any obligation to update any statement in light of new information or future events.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE, OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE AUTHORITY NOR THE UNDERWRITER UNDERTAKE ANY OBLIGATION TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THERE OCCUR ANY CHANGES TO EXPECTATIONS, EVENTS, CONDITIONS, OR CIRCUMSTANCES UPON WHICH SUCH STATEMENTS ARE BASED.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

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OFFICIAL STATEMENT

$31,830,000[*]
INDIANA FINANCE AUTHORITY
EDUCATIONAL FACILITIES REVENUE BONDS, SERIES 2019
(DEPAUW UNIVERSITY PROJECT)

INTRODUCTION

This Official Statement, which includes the cover page and the Appendices, is furnished by the Indiana Finance Authority (the "Authority") in connection with the offering by the Authority of its $31,830,000[*] Indiana Finance Authority Educational Facilities Revenue Bonds, Series 2019 (DePauw University Project) (the "Series 2019 Bonds"). The Series 2019 Bonds are authorized by a resolution duly adopted by the Authority on May 16, 2019 and are being issued pursuant to Indiana Code 5-1.2, as supplemented and amended (the "Act"), and a Trust Indenture dated as June 15, 2019 (the "Indenture"), between the Authority and Wells Fargo Bank, N.A., as trustee (the "Trustee").

The information contained in this Official Statement has been compiled by DePauw University (the "Borrower") from official and other sources deemed by the Borrower to be reliable, and while not guaranteed as to completeness or accuracy, is believed by the Borrower to be correct as of this date. Only the information set forth herein under the captions "INDIANA FINANCE AUTHORITY" and "LITIGATION – The Authority" has been obtained from the Authority. The Authority assumes no obligation related to any other information set forth herein.

PURPOSES OF ISSUE

Proceeds from the sale of the Series 2019 Bonds will be loaned to the Borrower by the Authority. The proceeds of the Series 2019 Bonds will be used by the Borrower for the purposes of (a) financing the current refunding in whole of the Indiana Finance Authority Educational Facilities Revenue Bonds, Series 2009A (DePauw University Project) and the Indiana Finance Authority Educational Facilities Revenue Bonds, Series 2009B (DePauw University Project) (together, the "Series 2009 Bonds"), and (b) financing certain costs associated with the issuance of the Series 2019 Bonds, including the underwriter's discount of Raymond James & Associates, Inc. (the "Underwriter"). See "PLAN OF FINANCING" and "ESTIMATED SOURCES AND USES OF FUNDS."

The educational facility projects previously financed or refinanced with proceeds of the Series 2009 Bonds are referred to herein as the "Prior Projects." See APPENDIX D herein.

The Series 2019 Bonds are special, limited obligations of the Authority issued on a parity with all Additional Bonds (as hereinafter defined) which may be issued under the Indenture (the Series 2019 Bonds and all Additional Bonds, collectively, the "Bonds"), all of which are payable solely from the following (the "Collateral"): (a) all rights, title and interest of the Authority in and to the Loan Agreement, dated as of June 15, 2019, between the Borrower and the Authority (the "Loan Agreement") (except the right of the Authority to receive payments of certain

[*] Preliminary, subject to change

expenses, to receive indemnification for certain liabilities, and to execute and delivery amendments to the Loan Agreement); (b) the Series 2019 Note (as hereinafter defined) and all Additional Notes (as hereinafter defined) (the Series 2019 Note and all Additional Notes, collectively, the "Notes"), which may be issued by the Borrower to the Authority under the Loan Agreement and endorsed by the Authority to the Trustee; (c) any and all moneys and securities from time to time on deposit in all funds and accounts created under the Indenture (other than the Rebate Funds); and (d) all proceeds of and substitutions for the moneys and securities in said funds and accounts (other than the Rebate Funds), including intangibles, contract rights, rights to receive payment upon sale and rights to receive delivery of substitute securities. Payments made by the Borrower pursuant to the Loan Agreement and on the Notes are a general obligation of the Borrower. Pursuant to the Indenture, the Authority will assign its rights to receive such payments under the Loan Agreement and on the Notes to the Trustee as security for the payment of the Series 2019 Bonds.

THE SERIES 2019 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE AS TO PRINCIPAL, PREMIUM, IF ANY, AND INTEREST, SOLELY FROM THE COLLATERAL. THE SERIES 2019 BONDS ARE NOT A GENERAL OR MORAL OBLIGATION, DEBT OR LIABILITY OF THE AUTHORITY, THE STATE OF INDIANA (THE "STATE"), OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF THE CONSTITUTION OR STATUTES OF THE STATE, OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE AUTHORITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE SERIES 2019 BONDS DO NOT GRANT TO THE HOLDERS THEREOF ANY RIGHT TO HAVE THE AUTHORITY, THE GENERAL ASSEMBLY OF THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE LEVY ANY TAXES OR APPROPRIATE ANY FUNDS FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2019 BONDS AND DO NOT CONSTITUTE OR GIVE RISE TO ANY PECUNIARY LIABILITY OF THE AUTHORITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE AUTHORITY, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2019 BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHICH MAY BE UNDERTAKEN BY THE BORROWER. THE AUTHORITY HAS NO TAXING POWER. SEE "SECURITY FOR THE SERIES 2019 BONDS" HEREIN.

The summaries of and references to all documents, statutes and other instruments referred to in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the full text of each document, statute or instrument. Certain terms used in this Official Statement are defined under "DEFINITIONS OF CERTAIN TERMS" herein. Terms not defined in this Official Statement shall have the meanings as set forth in the Indenture and the Loan Agreement, copies of which are available for inspection at the office of the Authority.

The Series 2019 Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Ice Miller LLP, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed upon for the Authority by Bose McKinney & Evans LLP, Indianapolis, Indiana, as special counsel to the Authority, for the Borrower by Ice

Miller LLP, Indianapolis, Indiana, and for the Underwriter by Moore & Van Allen PLLC, Charlotte, North Carolina.

DESCRIPTION OF THE SERIES 2019 BONDS

General

The Series 2019 Bonds will be issued in the aggregate principal amount of $31,830,000* and will be dated and bear interest from the date of their delivery. The Series 2019 Bonds will bear interest (payable January 1 and July 1 of each year, with the first interest payment being January 1, 2020) at the rates and will mature on July 1 of the years and in the principal amounts set forth on the inside front cover page of this Official Statement.

Form and Denomination

The Series 2019 Bonds will be issued in the denominations of $5,000 or any whole multiple of that sum not exceeding the principal amount of Series 2019 Bonds maturing in any one year. The Series 2019 Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interest in the Series 2019 Bonds will be made through the book-entry only system of DTC as long as DTC is the securities depository for the Series 2019 Bonds. Purchasers of beneficial interests in the Series 2019 Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the Series 2019 Bonds. Interest on the Series 2019 Bonds, together with the principal thereof and premium, if any, thereon, will be paid directly to DTC by the Trustee so long as DTC or its nominee is the registered owner of the Series 2019 Bonds. The disbursement of such payments to the Beneficial Owners of the Series 2019 Bonds will be the responsibility of the DTC Participants and the Indirect Participants (as herein defined). Transfer of ownership interests in the Series 2019 Bonds will be accomplished through the book-entry only system of DTC as long as DTC is the securities depository for the Series 2019 Bonds.

Payment of the Series 2019 Bonds

The Series 2019 Bonds will be registered as to both principal and interest on the books of the Authority kept for that purpose at the designated corporate trust office of the Trustee, initially located in Chicago, Illinois, as bond registrar (the "Bond Registrar").

For so long as the Series 2019 Bonds are registered in the name of DTC or its nominee, payments of the principal of, premium, if any, and interest on the Series 2019 Bonds will be paid by the Trustee only to DTC or its nominee. Payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding Business Day. The Trustee shall wire transfer payments so that such payments are received at the depository by 2:30 p.m. (New York City time), so long as sufficient funds have been collected by and are on deposit with the Trustee in a timely manner for such purpose.

* Preliminary, subject to change

Neither the Authority, the Borrower nor the Trustee will have any responsibility for a Beneficial Owner's receipt from DTC or its nominee, or from any DTC Participant or Indirect Participant (as hereinafter defined), of any payments of the principal of, premium, if any, or interest on any Series 2019 Bond. See the caption "DESCRIPTION OF THE SERIES 2019 BONDS -- Book-Entry Only System" herein.

In the event there is no securities depository for the Series 2019 Bonds the following provisions for payment of the Series 2019 Bonds will apply. The principal or redemption price of the Series 2019 Bonds will be payable upon presentation and surrender thereof at the designated corporate trust office of the Bond Registrar. Interest on the Series 2019 Bonds will be payable when due by check mailed by the Bond Registrar one Business Day prior to each interest payment date to the registered owners as their names and addresses appear in the Bond Register on the fifteenth (15^{th}) day of the month next preceding an interest payment date (the "Record Date") or, upon the written request of a registered owner of at least $1,000,000 in aggregate principal amount of Series 2019 Bonds outstanding delivered to the Trustee at least 30 days prior to an interest payment date, interest on such Series 2019 Bonds will be paid by wire transfer of immediately available funds on the interest payment date to an account within the United States specified by such registered owner in its request, which request shall remain in effect until revoked.

If any date for the payment of principal or interest on the Series 2019 Bonds is not a Business Day, then such payment will be due on the first Business Day thereafter, and no interest will accrue for the intervening period.

Optional Redemption

The Series 2019 Bonds maturing on or after July 1, 20___ are subject to redemption at the option of the Authority at the direction of the Borrower on or after __________, in whole or in part at any time, at par, plus accrued interest to the date of the redemption, without premium.

Extraordinary Redemption

The Series 2019 Bonds are subject to redemption, in whole or in part, by the Authority at the direction of the Borrower prior to maturity in the event that:

(i) A substantial portion of the properties or facilities of the Borrower deemed by the Borrower to be necessary for the efficient and economic operation of the Borrower (the "Key Facilities") shall have been destroyed to such an extent that it is not practicable to rebuild, repair and restore the same and operate the Borrower as a private institution of higher education under the Act; or

(ii) Condemnation of all or substantially all the Key Facilities or the taking by eminent domain of such use or control of the Key Facilities or other property of the Borrower in connection with which the Key Facilities are used occurs so as to render the Key Facilities impractical for their intended use, in the determination of the Borrower.

If called for redemption in any such event, the Series 2019 Bonds shall be subject to redemption in whole at any time at a price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, without premium.

Mandatory Redemption of Term Bonds

The Series 2019 Bonds due July 1, 20___ (the "Term Bonds") are subject to annual mandatory redemption by lot prior to maturity on the dates and in the amounts set forth below at a price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, without premium.

Term Bonds due July 1, ___

Date	Amount
	(final maturity)

The principal amount of the Term Bonds to be redeemed on the dates set forth above shall be reduced, in the order selected by the Authority (at the direction of the Borrower), by the principal amount of such Term Bonds which have been previously redeemed (otherwise than as a result of a previous mandatory redemption requirement) or purchased or acquired and delivered to the Trustee for cancellation; provided that such Term Bond has not previously been applied as a credit against any mandatory redemption obligation. The Borrower shall give written notice to the Authority and the Trustee at least 60 days prior to any mandatory redemption date of the Borrower's exercise of its option to reduce the amount of the mandatory redemption requirement on such date and the amount of such reduction.

Partial Redemption

If fewer than all of the Series 2019 Bonds are to be redeemed, the Authority may select (at the direction of the Borrower) the maturity or maturities to be redeemed. If fewer than all of the Term Bonds are selected to be optionally redeemed, the Authority may select (at the direction of the Borrower) the mandatory sinking fund installment(s) against which such redemption shall be applied. If fewer than all of the Series 2019 Bonds of any maturity are to be redeemed, the Trustee will randomly select the particular Bonds or portions of Series 2019 Bonds of such maturity to be redeemed. The portion of any Series 2019 Bonds of a denomination of more than $5,000 to be redeemed will be in the principal amount of $5,000 or an integral multiple of that sum, and in selecting portions of such Series 2019 Bonds for redemption, the Trustee will treat each such Series 2019 Bonds as representing that number of Series 2019 Bonds of $5,000 denomination which is obtained by dividing the principal amount of such Bond by $5,000.

For so long as the Series 2019 Bonds are registered in the name of DTC or its nominee, the Authority will (at the direction of the Borrower) select and the Trustee will call for redemption only Series 2019 Bonds or portions thereof registered in the name of DTC or its nominee, in accordance with the preceding paragraph. Neither the Authority, the Borrower nor the Trustee will have any responsibility for selecting for redemption any Beneficial Owners' interests in the Series 2019 Bonds. See the caption "DESCRIPTION OF THE SERIES 2019 BONDS -- Book-Entry Only System."

Notice and Effect of Redemption

Notice of the redemption of the Series 2019 Bonds shall be given by the Trustee by first class mail to the registered owner of each Series 2019 Bond not more than 45 days nor less than 30 days prior to the date fixed for redemption. For so long as the Series 2019 Bonds are registered in the name of DTC or its nominee, the Trustee will mail notices of redemption of the Series 2019 Bonds only to DTC or its nominee, in accordance with the preceding sentence. Neither the Authority, the Borrower nor the Trustee will have any responsibility for selecting for redemption any Beneficial Owners' interests in the Series 2019 Bonds. See the caption "DESCRIPTION OF THE SERIES 2019 BONDS -- Book-Entry Only System" herein.

On and after the redemption date specified in the notice described above, any Series 2019 Bonds called for redemption (provided funds for their redemption are on deposit at the place of payment) will not bear interest, will no longer be protected by the Indenture and will not be deemed to be outstanding under the Indenture, and the owners thereof will have the right only to receive the redemption price thereof plus accrued interest thereon to the date fixed for redemption.

Notwithstanding the foregoing, the Borrower reserves the right in the Indenture to give notice of its election to redeem Series 2019 Bonds pursuant to the Indenture; provided, that such notice may state that the Borrower retains the right to rescind such notice at any time prior to and including the scheduled redemption date upon delivery of written instructions to the Trustee instructing the Trustee to rescind the redemption notice. Upon such rescission, the notice and redemption will be of no effect. In such event, the Trustee will give prompt notice of any such rescission of a conditional notice of redemption to the affected registered owners. Any Series 2019 Bonds subject to conditional redemption where redemption has been rescinded will remain outstanding under the Indenture and the rescission will not constitute an event of default under the Indenture.

Open Market Purchases

At its option, to be exercised not less than 60 days prior to any redemption date, the Borrower has the option to deliver or cause the Authority to deliver to the Trustee Series 2019 Bonds purchased with moneys of the Borrower and instruct the Trustee to apply the principal amount of such Series 2019 Bonds so delivered for credit, at 100% of the principal amount thereof, against the principal amount of Series 2019 Bonds of the same maturity to be redeemed on the next succeeding redemption date.

Transfer or Exchange of Series 2019 Bonds

Upon surrender for transfer of any fully registered Series 2019 Bonds at the designated corporate trust office of the Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and duly executed by, the registered owner or his attorney duly authorized in writing, the Authority shall execute, and the Trustee shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same series and maturity of authorized denominations for a like aggregate principal amount. Any Series 2019 Bond may be exchanged at said office of the

Trustee for a like aggregate principal amount of any Series 2019 Bond of the same maturity of other authorized denominations. The Series 2019 Bonds may be exchanged without cost to the owners thereof, except for any tax or governmental charge required to be paid with respect to the exchange; provided that there shall be no cost or charge to an owner for an exchange caused by partial redemption of a single bond and the authentication of a new bond for the unredeemed portion. The execution by the Authority of a Series 2019 Bond of any denomination shall constitute full and due authorization of such denomination, and the Trustee shall thereby be authorized to authenticate and deliver such Series 2019 Bond. The Trustee shall not be required to transfer or exchange any Series 2019 Bond after the mailing of notice calling for such Series 2019 Bond for redemption has been made, nor during a period of 15 days next preceding the mailing of a notice of redemption of any Series 2019 Bonds, except the portion, if any, not called for redemption.

For so long as the Series 2019 Bonds are subject to the book-entry only system of DTC, the Trustee will transfer and exchange Series 2019 Bonds only on behalf of DTC or its nominee, in accordance with the preceding paragraph. Neither the Authority, the Borrower nor the Trustee will have any responsibility for transferring or exchanging any Beneficial Owners' interests in the Series 2019 Bonds. See the caption "DESCRIPTION OF THE SERIES 2019 BONDS -- Book-Entry Only System" herein.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2019 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

Purchases of Series 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2019 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2019 Bonds, except in the event that use of the book-entry system for the Series 2019 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2019 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Series 2019 Bonds may wish to ascertain that the nominee holding the Series 2019 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2019 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, and principal and interest payments on the Series 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2019 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND THE DTC BOOK-ENTRY SYSTEM HAS BEEN PROVIDED BY DTC. THE AUTHORITY, THE UNDERWRITER, THE TRUSTEE AND THE BORROWER BELIEVE SUCH INFORMATION TO BE RELIABLE, BUT TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF. NO REPRESENTATION IS MADE BY THE AUTHORITY, THE UNDERWRITER, THE TRUSTEE OR THE BORROWER AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Revision of Book-Entry Only System

In the event that either (i) the Authority receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a clearing agency for the Series 2019 Bonds, or (ii) the Authority elects to discontinue its use of DTC as a clearing agency for the Series 2019 Bonds, and in either case the Authority does not appoint an alternative clearing agency, then the Borrower and the Trustee will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the Series 2019 Bonds, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the Series 2019 Bonds, and to transfer the ownership of each of the Series 2019 Bonds, to such person or persons, including another clearing agency as the holders of the Series 2019 Bonds may direct in accordance with the Indenture. See the caption "DESCRIPTION OF THE SERIES 2019 BONDS -- Payment of the Series 2019 Bonds" and "-- Transfer or Exchange of Series 2019 Bonds" herein.

SECURITY FOR THE SERIES 2019 BONDS

General

The Series 2019 Bonds are special, limited obligations of the Authority, payable solely from the Collateral, which is comprised of the following: (a) all right, title and interest of the Authority in and to the Loan Agreement (except the right of the Authority to receive payments of certain expenses, to receive indemnification for certain liabilities, and to execute and delivery amendments to the Loan Agreement); (b) the Notes; (c) any and all moneys and securities from time to time on deposit in all funds and accounts created under the Indenture (other than the Rebate Funds); and (d) all proceeds of and substitutions for the moneys and securities in such funds and accounts (other than the Rebate Funds), including intangibles, contract rights, rights to receive payment upon sale and rights to receive delivery of substitute securities. Payments made by the Borrower pursuant to the Loan Agreement and on the Notes are a general obligation of the Borrower. Pursuant to the Indenture, the Authority will assign its rights to receive such payments under the Loan Agreement and on the Notes to the Trustee as security for the payment of the Bonds.

THE SERIES 2019 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY. THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2019 BONDS ARE PAYABLE SOLELY FROM THE COLLATERAL. THE SERIES 2019 BONDS ARE NOT A GENERAL OR MORAL OBLIGATION, DEBT OR LIABILITY OF THE AUTHORITY, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF THE CONSTITUTION OR STATUTES OF THE STATE, OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER, IF ANY, OF THE AUTHORITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE SERIES 2019 BONDS DO NOT GRANT TO THE HOLDERS THEREOF ANY RIGHT TO HAVE THE AUTHORITY, THE GENERAL ASSEMBLY OF THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE LEVY ANY TAXES OR APPROPRIATE ANY FUNDS FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2019 BONDS AND DO NOT CONSTITUTE OR GIVE RISE TO ANY PECUNIARY LIABILITY OF THE AUTHORITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE AUTHORITY, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2019 BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHICH MAY BE UNDERTAKEN BY THE BORROWER. THE AUTHORITY HAS NO TAXING POWER.

Under the Loan Agreement, the Authority agrees to make loans to the Borrower in an amount equal to the principal amount of each series of Bonds (plus any bond premium and less any original issue discount). With respect to the Series 2019 Bonds, such loan will be utilized to enable the Borrower to (i) finance the current refunding in whole of the Series 2009 Bonds, and (ii) pay all or a portion of the costs of issuance associated with the Series 2019 Bonds. Under the Loan Agreement, the Borrower agrees to borrow an amount equal to the principal amount of each series of Bonds from the Authority and to repay such loans in accordance with the provisions of the Loan Agreement. Such loans shall be evidenced by the Notes delivered to the Authority pursuant to the Loan Agreement and assigned by the Authority to the Trustee pursuant to the Indenture.

The obligation of the Borrower to make payments under the Loan Agreement and on the Notes is a general obligation of the Borrower. With respect to the Series 2019 Bonds, the Borrower will make periodic payments to the Trustee, as assignee of the Authority, beginning on the last Business Day prior to January 1, 2020, and on the last Business Day prior to each July 1 and January 1 after that date, equal to the principal and interest due on the Series 2019 Bonds on the next succeeding January 1 or July 1. The Loan Agreement will remain in full force and effect until all the Bonds have been fully paid and discharged (or provisions made for payment in accordance with the Indenture).

The Borrower's obligation to make payments pursuant to the Loan Agreement and the Notes is on a parity with its obligations to make payments with respect to the Series 2008A Bonds, the Series 2014 Bond, the Series 2015 Bond and the Series 2018 Bond (each as hereinafter defined). See "SECURITY FOR THE SERIES 2019 BONDS -- Outstanding Indebtedness" herein.

The rights of the Trustee, the Authority and the Borrower and the enforceability of the Bonds, the Loan Agreement, the Notes and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally, and to the exercise of judicial discretion in accordance with general principles of equity. The rights of the Trustee, the Authority and the Borrower and the enforceability of the Bonds, the Loan Agreement, the Notes and the Indenture may be subject to the valid exercise of the constitutional powers of the State of Indiana and the United States of America.

Debt Service Fund

The Indenture establishes the "Debt Service Fund" to be maintained on deposit with the Trustee. All payments on the Notes, as received by the Trustee, will be deposited in an applicable Bond Service Account of the Debt Service Fund and held there until used by the Trustee to pay the principal of and interest on the Bonds as the same become due or to pay the applicable redemption price of, or to purchase, the Bonds as provided in the Indenture.

Project Fund

The Indenture establishes the "Project Fund" to be maintained on deposit with the Trustee, including a Series 2019 Refunding Account and a Series 2019 Expense Account. The moneys in the Series 2019 Refunding Account shall be held by the Trustee, invested, and used for the current refunding in whole of the Series 2009 Bonds. The moneys in the Series 2019 Expense Account shall be held by the Trustee and disbursed from time to time for payment or reimbursement of costs of issuance. All income and profits earned from investment of funds held in the Series 2019 Refunding Account or the Series 2019 Expense Account shall be utilized for debt service on the Series 2019 Bonds.

Outstanding Indebtedness

The Borrower has outstanding certain long term indebtedness, all of which is on a parity with the Series 2019 Bonds, including (i) the Indiana Finance Authority Variable Rate Demand Educational Facilities Revenue Bonds, Series 2008A (DePauw University Project), issued on April 30, 2008 in the original aggregate principal amount of $42,225,000 (the "Series 2008A Bonds"), and currently outstanding in the aggregate principal amount of $41,155,000; (ii) the Indiana Finance Authority Educational Facilities Revenue Refunding Bond, Series 2014 (DePauw University Project), issued on March 26, 2014 in the original principal amount of $32,500,000 (the "Series 2014 Bond"), and currently outstanding in the principal amount of $32,360,000; (iii) the Indiana Finance Authority Educational Facilities Revenue Bond, Series 2015 (DePauw University Project), issued on July 30, 2015 in the original principal amount of $15,115,000 (the "Series 2015 Bond"), and currently outstanding in the principal amount of $14,105,000; and (iv) the Indiana Finance Authority Educational Facilities Revenue Bond, Series 2018 (DePauw University Project), issued on April 30, 2018 in the original principal amount of $40,000,000 (the "Series 2018 Bond"), and currently outstanding in the principal amount of $6,700,000. See APPENDIX B hereto for a description of other indebtedness of the Borrower.

Additional Indebtedness

The Borrower may incur additional indebtedness on a parity basis with the Series 2008A Bonds, the Series 2014 Bond, the Series 2015 Bond, the Series 2018 Bond, and the Series 2019 Bonds, including Additional Bonds and other indebtedness to the Authority. There are no limitations on additional indebtedness contained in the Loan Agreement. See the caption "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT -- No Additional Indebtedness Limitation" herein. However, certain limitations on additional indebtedness are found in (i) the Reimbursement Agreement dated as of May 1, 2019, between the Borrower and BMO Harris Bank N.A. (the "2008 Reimbursement Agreement"), relating to the Series 2008A Bond; (ii) the Bond Purchase and Loan Agreement dated as of March 15, 2014, among the Borrower, the Authority and PNC Bank, National Association (the "2014 Loan Agreement"), relating to the Series 2014 Bond; (iii) the Bond Purchase and Loan Agreement dated as of July 30, 2015, among the Borrower, the Authority and PNC Bank, National Association (the "2015 Loan Agreement"), relating to the Series 2015 Bond; and (iv) the Bond Purchase and Loan Agreement dated as of April 30, 2018, among the Borrower, the Authority and BMO Harris Investment Company LLC (the "2018 Loan Agreement"), relating to the Series 2018 Bond. Subject to such limitations, any additional indebtedness may be unsecured or may be secured by any property, real, personal or mixed, of the Borrower.

PLAN OF FINANCING

General

The Borrower will use the proceeds of the Series 2019 Bonds for the following purposes:

1. To finance the current refunding in whole the Series 2009 Bonds; and

2. To pay all or a portion of the costs of issuance associated with the Series 2019 Bonds, including Underwriter's discount.

The estimated amounts required to implement the plan of financing are described in "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Prior Projects

The Prior Projects refinanced by the Series 2009 Bonds are comprised of several capital projects all located on the Borrower's campus in Greencastle, Indiana. See APPENDIX D herein.

The Refunding

A portion of the proceeds of the Series 2019 Bonds will be utilized to gross fund the current refunding in whole of the outstanding Series 2009 Bonds. Such portion of the proceeds of the Series 2019 Bonds will be deposited in the Series 2019 Refunding Account of the Project Fund and invested in accordance with the Indenture. The deposit of Series 2019 Bond proceeds, without regard to the investment thereof, shall be sufficient to pay in full the redemption price coming due on the Series 2009 Bonds on the call date. The Series 2009 Bonds maturing on and after July 1, 2020 will be called for redemption in whole 30 days after the issuance and delivery of the Series 2019 Bonds, which is the first available optional redemption date, at the price of 100% of the principal amount being redeemed, plus accrued interest.

The proceeds of the Series 2009 Bonds were used to finance or refinance all or a portion of the costs of the acquisition, construction, expansion, renovation, equipping and improving of various educational facility projects for the Borrower located on the Borrower's campus in Greencastle, Indiana (the "Prior Projects"). See APPENDIX D herein.

ESTIMATED SOURCES AND USES OF FUNDS

The following table presents the estimated sources and uses of funds for the Plan of Financing.

Sources	
Series 2019 Bonds	
Plus Net Bond Premium/Less Original Issue Discount	
TOTAL	
Uses	
Refunding of the Series 2009 Bonds	
Costs of Issuance[(1)]	
TOTAL	

(1) Includes Underwriter's discount and other costs of issuance associated with the Series 2019 Bonds.

ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth, for each of the Borrower's fiscal years ending June 30, the annual principal and interest requirements of the Borrower's long-term indebtedness to be outstanding after the issuance of the Series 2019 Bonds. The Borrower's outstanding long term indebtedness after the issuance of the Series 2019 Bonds will consist of the Series 2008A Bonds, the Series 2014 Bond, the Series 2015 Bond, and the Series 2018 Bond, as well as the Series 2019 Bonds.

Fiscal Year Ending June 30	Series 2008A Bonds[1]	Series 2009A Bonds[2]	Series 2009B Bonds[2]	Series 2014 Bond[1]	Series 2015 Bond[3]	Series 2018 Bond[1]	Series 2019 Bonds Principal*	Series 2019 Bonds Interest*	Total Debt Service*
2020	$2,051,794	$826,988	$2,112,178	$1,365,300	$898,842	$1,534,377	--	$667,753	$9,457,232
2021	2,252,344			1,488,500	899,009	1,534,377	$2,030,000	1,435,350	9,639,580
2022	2,248,756			1,496,175	898,898	2,382,147	2,095,000	1,373,475	10,494,452
2023	2,264,319			1,483,000	898,511	2,308,147	2,160,000	1,309,650	10,423,626
2024	4,693,181			1,369,825	902,846	2,301,661	--	1,277,250	10,544,763
2025	4,582,706			1,630,900	901,766	2,295,057	--	1,277,250	10,687,679
2026	4,411,381			1,880,500	900,409	2,288,181	--	1,277,250	10,757,721
2027	4,381,756			1,848,625	903,775	2,281,012	--	1,277,250	10,692,418
2028	4,097,881			2,016,750	895,288	2,273,707	--	1,277,250	10,560,876
2029	4,120,381			1,976,375	886,375	2,266,028	--	1,277,250	10,526,409
2030	4,261,506			1,986,000	882,038	2,258,241	--	1,277,250	10,665,035
2031	4,365,944			1,893,500	877,063	2,250,083	--	1,277,250	10,663,839
2032	4,134,756			2,153,125	866,450	2,241,625	--	1,277,250	10,673,206
2033	4,206,756			2,100,000	860,413	2,232,917	--	1,277,250	10,677,336
2034	1,319,194			1,446,875	853,738	2,223,813	3,125,000	1,199,125	10,167,744
2035	1,722,444			1,019,250	846,425	2,214,482	3,280,000	1,039,000	10,121,600
2036	1,736,569			1,008,625	838,475	2,204,861	3,455,000	870,625	10,114,155
2037	1,792,294			998,000	829,888	2,194,891	3,630,000	693,500	10,138,572
2038				2,737,375	820,663	2,184,519	3,820,000	507,250	10,069,807
2039				2,652,375	815,800	2,173,804	4,015,000	311,375	9,968,354
2040				2,567,375	805,088	2,162,780	4,220,000	105,500	9,860,743
2041				7,832,375	793,738	2,151,285			10,777,398
2042				8,170,000	786,750	2,139,462			11,096,212
2043					778,913	2,127,146			2,906,058
2044					770,225	2,114,483			2,884,708
2045					755,688	2,101,393			2,857,080
2046					745,513	2,087,803			2,833,316
2047						2,073,752			2,073,752
2048						7,959,633			7,959,633

[1] Interest calculated at 4.25% rate.
[2] Reflects unrefunded debt service due July 1, 2019 during fiscal year ended June 30, 2020.
[3] Interest calculated at 2.77% rate through July 1, 2025 (mandatory put on July 1, 2025). Interest calculated after July 1, 2025 at 4.25% through final maturity.

* Preliminary, subject to change

BONDHOLDERS' RISKS

The following is a discussion of certain risks that could affect payments to be made by the Borrower with respect to the Series 2019 Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Series 2019 Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein, copies of which are available as described herein.

General

The Series 2019 Bonds are special, limited obligations of the Authority, payable solely from the Collateral, which is comprised of the following: (a) all right, title and interest of the Authority in and to the Loan Agreement (except the right of the Authority to receive payments of certain expenses, to receive indemnification for certain liabilities, and to execute and delivery amendments to the Loan Agreement); (b) the Notes; (c) any and all moneys and securities from time to time on deposit in all funds and accounts created under the Indenture (other than the Rebate Funds); and (d) all proceeds of and substitutions for the moneys and securities in such funds and accounts (other than the Rebate Funds), including intangibles, contract rights, rights to receive payment upon sale and rights to receive delivery of substitute securities. No representation or assurance can be given that the Borrower will realize revenues in amounts sufficient to make such payments under the Loan Agreement and the Notes to pay the Bonds. The realization of future revenues is dependent upon, among other things, changing student demographics, the capabilities of the management of the Borrower and future changes in economic and other conditions that are unpredictable and cannot be determined at this time.

Suitability of Investment - Marketability

An investment in the Series 2019 Bonds involves a certain degree of risk and the Series 2019 Bonds are not suitable investments for all persons. Prospective purchasers should be able to evaluate the risks and merits of an investment in the Series 2019 Bonds before considering such a purchase.

It is expected that the Underwriter will engage in secondary market transactions with respect to the Series 2019 Bonds. However, the Underwriter is not obligated to repurchase Series 2019 Bonds from any holder thereof. There is no assurance that a secondary market for the Series 2019 Bonds will develop or that Bondholders who wish to sell Series 2019 Bonds prior to the stated maturity will be able to do so.

Enrollment

The Borrower's student enrollment is a very important element in its financial performance. Factors such as the ratio of the number of applications received to available places, the number of accepted students who enroll, the academic qualifications of admitted students, the effectiveness of the Borrower's student recruitment efforts and general demographic trends, in addition to the strength of its academic programs, faculty and facilities, may cause the demand for the Borrower's educational programs to fluctuate. A significant decrease in the Borrower's enrollment could adversely affect the Borrower's financial position and results of operations.

The Borrower anticipates that Fall 2019 freshmen enrollment will be approximately 450 students, down approximately 20% from the prior year. The Borrower is building the corresponding revenue decline into its budget for the Fiscal Year ending June 30, 2020. That budget will not be approved until Fall 2019 when enrollment for the academic year 2019-20 is firmly established. The decline in net tuition revenue, fees, room, and board will roughly offset expected operating improvements from the Borrower's workforce restructuring in the Fiscal Year ending June 30, 2020. See "Faculty and Staff" in APPENDIX A hereto. The Borrower's management has arranged for third party surveys of its applicants and admitted students, along with audits of its enrollment processes and procedures, in an effort to diagnose the particular challenges experienced in recruiting and enrolling the Fall 2019 freshman class. The firms retained include Hanover Research and The Registry.

Financial Aid

A significant percentage of the Borrower's students receive financial support in the form of federally supported loans and scholarships and grants from the Borrower. There can be no assurance that the amount of federally supported loans or other financial aid will remain stable or increase in the future. If the amount of such loans or other financial aid decreases in the future, there can be no assurance that the Borrower will be able to increase the amount of financial aid provided by it. Any reduction in the availability of financial aid would likely adversely affect the Borrower's enrollment. Any significant decrease in enrollment could adversely affect the Borrower's financial position and results of operations.

Competition

There are a wide variety of small, medium and large colleges and universities located in Indiana and throughout the United States with which the Borrower competes for students and that may prove attractive to students considering attending the Borrower. Increased competition for the limited number of qualified students by other educational institutions, some of which may have greater resources than the Borrower and which may offer comparable programs at lower prices, could adversely affect the ability of the Borrower to maintain or increase enrollment, or could adversely affect the ability of the Borrower to attract qualified faculty and other staff.

Tuition

A significant portion of the Borrower's operating revenues is provided through tuition and related fees. Although the Borrower in the past has been able to raise tuition and related fees without adversely affecting enrollment, there can be no assurance that it will continue to be able to do so in the future. Future tuition increases could adversely affect enrollment, which could adversely affect the Borrower's financial position and results of operations. Additionally, increases in tuition have not always, and may not in the future, result in increased net revenues for the Borrower because the increase in discounts in the form of scholarships and grants that must be given to attract qualified students may more than offset the increase in tuition.

Gifts, Grants and Bequests

The Borrower annually solicits gifts and bequests for both current operating purposes and other needs. In addition, the Borrower receives various grants from private foundations and from agencies of the federal government. See "Gifts, Grants and Bequests" in APPENDIX A hereto. There can be no assurance that the amount of gifts, grants and bequests received by the Borrower will remain stable or will not decrease in the future.

Other Factors Affecting the Financial Performance of the Borrower

One or more of the following factors or events, or the occurrence of other unanticipated factors or events, could adversely affect the Borrower's operations and financial performance to an extent that cannot be determined at this time:

Changes in Management. Changes in key management personnel could affect the capability of management of the Borrower. On May 13, 2019 Dr. Mark McCoy advised the University's Board of Trustees that he will conclude his service as President of DePauw at the close of the 2019-20 academic year. Dr. McCoy began his term on July 1, 2016. The Board accepted Dr. McCoy's resignation with regret. The Board has announced that it will conduct a comprehensive national search for DePauw's 21st President during the remaining year of Dr. McCoy's tenure. The Board has already begun to develop a full transition plan, and plans to coordinate closely with faculty, staff and student leadership.

Organized Labor Efforts. None of the Borrower's professors, administrators or other employees are currently represented by collective bargaining units. Efforts to organize other employees of the Borrower into collective bargaining units could result in adverse labor actions or increased labor costs.

Environmental Matters. Legislative, regulatory, administrative or enforcement action involving environmental controls could adversely affect the operation of the facilities of the Borrower. For example, if property of the Borrower were determined to be contaminated by hazardous materials, the Borrower could be liable for significant clean-up costs even if it were not responsible for the contamination. The Borrower is not aware of any current or ongoing environmental matters which could have a material adverse effect on the operations or finances of the Borrower.

Natural Disasters. The occurrence of natural disasters, such as floods or droughts, could damage the facilities of the Borrower, interrupt services or otherwise impair operations and the ability of the Borrower to produce revenues.

Future Economic Conditions. Increased unemployment, adverse economic conditions generally, changes in the demographics of the service area of the Borrower and the cost and availability of energy, an inability to control expenses in periods of inflation, and difficulty in increasing charges and other fees while maintaining the quality of educational services could all affect the financial performance of the Borrower.

Additional Debt. The Loan Agreement permits the issuance of additional Long Term Indebtedness by the Borrower, without limitations. See "SUMMARY OF CERTAIN

PROVISIONS OF THE LOAN AGREEMENT -- No Additional Indebtedness Limitation." There are limitations on additional indebtedness found in the 2008A Reimbursement Agreement, the 2014 Loan Agreement, the 2015 Loan Agreement and the 2018 Loan Agreement. See "SECURITY FOR THE BONDS -- Additional Indebtedness." Any additional indebtedness which might be incurred would increase debt service requirements and could adversely affect the Borrower's ability to pay debt service on the Bonds. Any additional indebtedness may be unsecured or may be secured by any property, real, personal or mixed, of the Borrower.

Tax-Exempt Status of the Borrower and the Series 2019 Bonds

The Internal Revenue Service ("IRS") has determined that the Borrower is an organization described in Section 501(c)(3) of the Code and therefor is exempt from federal income taxation. In addition, the Borrower is exempt from ad valorem property taxation. As a charitable organization, the Borrower is subject to a number of requirements affecting its operations.

The failure of the Borrower to remain qualified as a tax-exempt organization could affect the amount of funds available to pay debt service on the Bonds. Such failure, as well as failure to comply with certain legal requirements (see "TAX MATTERS"), could cause the inclusion of interest on the Series 2019 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2019 Bonds. In such event the maturity of the Series 2019 Bonds may be accelerated. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE -- Events of Default and Remedies."

The Indenture does not provide for the payment of any additional interest or penalty in the event of the taxability of the interest on the Series 2019 Bonds.

The possible modification or repeal of certain existing federal income tax laws or property tax laws or other loss by the Borrower of the present advantages of such laws, or any legislation imposing additional conditions on tax-exempt organizations, could adversely affect the financial position of the Borrower.

Tax Law Proposals

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax-exempt treatment of interest on certain qualified private activity bonds, could significantly change the individual and corporate income tax rates, could eliminate the alternative minimum tax for individuals and corporations, and could affect the market value of the Series 2019 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Further, any reduction or elimination of the tax exempt status of qualified private activity bonds could have an adverse effect on the Borrower's ability to access the capital markets to finance future needs by reducing market demand for such obligations or materially increasing the Borrower's borrowing costs.

Amendment of the Indenture and Loan Agreement

Certain amendments to the Indenture and the Loan Agreement may be made with the consent of the owners of a majority in aggregate principal amount of the outstanding Bonds. Such amendments may adversely affect the security of the Bondholders. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE -- Supplemental Indentures."

No Mortgage -- Limited Value of Facilities

There is no mortgage on the Borrower's property securing the Bonds. Moreover, if an event of default with respect to the Bonds were to necessitate realization against the assets of the Borrower, the facilities of the Borrower might be of limited value. The facilities of the Borrower are not general purpose buildings and would be of limited utility for other than educational purposes and would not generally be suitable for industrial or commercial use. As a result, in the event of a default by the Borrower and foreclosure on such facilities, the Trustee's remedies and the number of entities which might purchase or lease such facilities would be limited, and the sales price or rentals generated by such facilities might be of less than full value and might not be sufficient to repay the outstanding Bonds.

Series 2008A Bonds Reimbursement Agreement

The Borrower has entered into a reimbursement agreement with respect to the letter of credit supporting the Series 2008A Bonds. Under the terms of the reimbursement agreement, draws on the letter of credit which are not immediately reimbursed by the Borrower, including liquidity draws in the event of a failed remarketing, accrue interest at rates which may be materially higher than those which otherwise prevail in the open market. The Borrower may also be compelled to make principal payments on an accelerated schedule in the event that the Series 2008A Bonds cannot be remarketed.

Cross Defaults

It is an Event of Default under the Loan Agreement and the Indenture if the Borrower defaults on payment when due of any principal of, premium (if any) or interest on any other obligations of the Borrower for borrowed money equal to at least $500,000 in the aggregate, including without limitation the Series 2008A Bonds, the Series 2014 Bond, the Series 2015 Bond, the Series 2018 Bond and any Additional Bonds which may be issued in the future; or if the Borrower defaults in the performance of any other agreement, term or condition contained in any agreement under which such obligations were created where such default (if not timely cured) would allow for acceleration. In that regard, the 2008A Reimbursement Agreement, the 2014 Loan Agreement, the 2015 Loan Agreement and the 2018 Loan Agreement all contain the following financial covenant not otherwise applicable to the Series 2019 Bonds, the violation of which could result in acceleration of such obligations and therefore an Event of Default on the Series 2019 Bonds; specifically, the Borrower must maintain a "Viability Ratio" of expendable net assets to long term debt equal to at least 1.20 to 1.00, to be tested semi-annually on each June 30 and December 31. Any payment default or any financial covenant default with respect to the Series 2008A Bonds, the Series 2014 Bond, the Series 2015 Bond, the Series 2018 Bond or any Additional Bonds could result in an Event of Default on the Series 2019 Bonds.

Utilization of Derivative Markets

The Borrower utilizes the derivative markets (including swaps) to manage its exposure to interest rate fluctuations. See "APPENDIX A -- Utilization of Derivative Markets" herein for a more comprehensive discussion of the Borrower's interest rate swap agreements.

Under its swap agreements, the Borrower pays a fixed rate of interest and receives from its counterparties a variable rate of interest that is based on LIBOR. Each party has the right to terminate these outstanding interest rate swaps and settle the difference with the other party.

The swap agreements expose the Borrower to certain risks, including:

1. Termination Risk: the risk that the counterparty will terminate the swap agreements when a payment is owed by the Borrower. The market value of a swap changes over time as interest rates change. The termination amount depends on interest rates prevailing in the market at the time of termination compared to those contained in the swap agreement. If the swap agreements are terminated, the Borrower would be subject to the interest rate risk associated with unhedged variable-rate debt.

2. Credit Risk: the Borrower is exposed to the credit risk of the counterparty in the event the market values of the swap agreements turn positive for the Borrower. The counterparty may be unable to pay the termination amount.

3. Basis Risk: the risk that the basis for the variable payment received will not match the variable payments the Borrower is obligated to make on its obligations that bear interest at variable rates.

4. Rollover Risk: the risk that the Borrower is unable to issue, finance or refinance variable-rate debt throughout the term of the swap agreements.

Risks Associated with LIBOR Securities

The Series 2014 Bond, the Series 2018 Bond and certain interest rate swap agreements to which the Borrower is a party bear interest at rates tied to LIBOR. On July 27, 2017, the Financial Conduct Authority (the "FCA") announced that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR rates after the year 2021 (the "FCA Announcement"). It is not possible to predict the effect of the FCA Announcement, any changes in the methods pursuant to which the LIBOR rates are determined and any other reforms to LIBOR that will be enacted, which may adversely affect the trading market for LIBOR-based securities or result in phasing out of LIBOR as a reference rate for securities. In addition, any changes announced by the FCA or any other successor governance or oversight body, or future changes adopted by such body, in the method pursuant to which the LIBOR rates are determined may result in a sudden or prolonged increase or decrease in the LIBOR rates. If that were to occur and to the extent that the value of LIBOR securities is affected by reported LIBOR rates, the level of interest payments and the value of securities may be affected. Further, uncertainty as to the extent and manner in which recommendations will continue to be adopted and the timing of such changes may adversely affect the current trading market for LIBOR-based securities.

Bankruptcy

If the Borrower were to file a petition for relief under Chapter 11 of the Federal Bankruptcy Code, its revenues and certain of its accounts receivable and other property acquired after the filing (and under certain conditions some or all of such property acquired within 120 days prior to the filing) would not be subject to the security interests created under the Indenture. The filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Borrower and its property and as an automatic stay of any act or proceeding to enforce a lien upon its property, including the liens of the Indenture. If the bankruptcy court so ordered the property of the Borrower, including its accounts receivable and proceeds thereof, could be used for the benefit of the Borrower despite the security interest of the Trustee therein, provided that "adequate protection" is given to the lienholder.

In a bankruptcy proceeding, the petitioner could file a plan for the adjustment of its debts, which modifies the rights of creditors generally, or any class of creditors, secured or unsecured. The plan, when confirmed by the court, binds all creditors who had notice or knowledge of the plan and discharges all claims against the debtor provided for in the plan. No plan may be confirmed unless, among other conditions, the plan is in the best interests of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Under current law each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly in favor of junior creditors.

The effectiveness of the security interest in the Collateral granted in the Indenture may be limited by a number of factors, including: (i) present or future prohibitions against assignment contained in any applicable statutes or regulations; (ii) certain judicial decisions which cast doubt upon the right of the Trustee, in the event of the bankruptcy of the Borrower, to collect and retain account receivables; (iii) statutory liens; (iv) rights arising in favor of the United States of America or any agency thereof; (v) constructive trusts, equitable or other rights impressed or conferred by a federal or state court in the exercise of its equitable jurisdiction; (vi) federal bankruptcy laws which may affect the enforceability of the security interest in the revenues of the Borrower which are earned by the Borrower within 90 days preceding or, in certain circumstances with respect to related corporations, within one year preceding and after any effectual institution of bankruptcy proceedings by or against the Borrower; (vii) rights of third parties in the Borrower's revenues converted to cash and not in the possession of the Trustee; and (viii) claims that might arise if appropriate financing or continuation statements are not filed in accordance with the Indiana Uniform Commercial Code as from time to time in effect.

Secondary Market

The Underwriter expects to effect secondary market trading in the Series 2019 Bonds. However, the Underwriter is not obligated to repurchase any Series 2019 Bonds at the request of the registered owners thereof and cannot assure that there will be a continuing secondary market in the Series 2019 Bonds. In addition, adverse developments, including insufficient cash flow, may have an unfavorable effect upon prices or marketability of the Series 2019 Bonds in the secondary market.

No Credit Enhancement Facility

There is no letter of credit, bond insurance policy, or other credit enhancement facility securing the Series 2019 Bonds, nor is there any provision for a credit enhancement facility to be provided to secure any of the Series 2019 Bonds.

No Reserve Fund

The Series 2019 Bonds are not secured by a debt service reserve fund and the Indenture and the Loan Agreement do not require the Borrower to fund a debt service reserve fund in the future to secure the Series 2019 Bonds.

Redemption Prior to Maturity

The Series 2019 Bonds are subject to redemption at the option of the Borrower, and the Series 2019 Bonds are subject to redemption in the event of certain occurrences. See "DESCRIPTION OF THE SERIES 2019 BONDS -- Optional Redemption -- Extraordinary Redemption -- Mandatory Redemption of Term Bonds" in this Official Statement.

Changes in Laws

The information presented in this Official Statement is based on the laws and regulations of the United States of America and the State of Indiana and related court and administrative law decisions in effect as of the date of this Official Statement (collectively, the "Laws"). In addition, the opinions delivered in connection with the issuance of the Series 2019 Bonds are based on the Laws. No assurance can be given as to the impact, if any, future events, regulations, legislation, court decisions or administrative decisions may have with respect to the Laws or that any or all of the Laws will remain in effect during the entire terms of the Series 2019 Bonds.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Series 2019 Bonds. In order for potential investors to identify risk factors and make an informed decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

THE AUTHORITY

The Authority, a body corporate and politic of the State of Indiana, has authorized the issuance of the Series 2019 Bonds pursuant to: (i) the provisions of the Act, and (ii) the Resolution adopted by the Authority and effective on May 16, 2019.

THE SERIES 2019 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE

SERIES 2019 BONDS ARE PAYABLE SOLELY FROM THE COLLATERAL. THE SERIES 2019 BONDS ARE NOT A GENERAL OR MORAL OBLIGATION, DEBT OR LIABILITY OF THE AUTHORITY, THE STATE OF INDIANA, OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF THE CONSTITUTION OR STATUTES OF THE STATE, OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER, IF ANY, OF THE AUTHORITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE SERIES 2019 BONDS DO NOT GRANT TO THE HOLDERS THEREOF ANY RIGHT TO HAVE THE AUTHORITY, THE GENERAL ASSEMBLY OF THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE LEVY ANY TAXES OR APPROPRIATE ANY FUNDS FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2019 BONDS AND DO NOT CONSTITUTE OR GIVE RISE TO ANY PECUNIARY LIABILITY OF THE AUTHORITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE AUTHORITY, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2019 BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND THAT MAY BE UNDERTAKEN BY THE BORROWER. THE AUTHORITY HAS NO TAXING POWER. SEE "SECURITY FOR THE SERIES 2019 BONDS" HEREIN.

No covenant or agreement contained in the Indenture, the Loan Agreement or the Bonds shall be deemed to be a covenant or agreement of any member, officer, director, agent, attorney or employee of the Authority, nor shall any member, officer, director, agent, attorney or employee be liable personally on the Bonds or any other of the aforementioned documents. Moreover, the Authority has relied on representations of the Borrower regarding the Prior Projects and will not independently monitor the Prior Projects.

Except for information concerning the Authority in the sections of this Official Statement captioned "THE AUTHORITY" and "LITIGATION -- The Authority," none of the information in this Official Statement has been supplied or verified by the Authority and the Authority makes no representation or warranty, express or implied, as to the accuracy or completeness of such information.

DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain of the terms used in the Indenture, the Loan Agreement and this Official Statement.

"Act" means the Indiana Finance Authority Act, codified at Indiana Code 5-1.2, as supplemented and amended, and any successor statute in effect from time to time.

"Additional Bonds" means additional parity bonds to the Series 2019 Bonds, issued pursuant to the Indenture.

"Additional Notes" means any promissory notes of the Borrower issued pursuant to Article VI of the Loan Agreement in connection with the issuance of Additional Bonds.

“Annual Debt Service Requirements” means the amount of Debt Service Requirements in any Fiscal Year.

“Authority” means the Indiana Finance Authority, a body politic and corporate, not a state agency but an independent instrumentality exercising essential public functions.

“Authorized Borrower Representative” means the President or the Vice President for Finance and Administration of the Borrower and such others as are designated in writing to the Trustee from time to time.

“Bond Counsel” means a nationally recognized firm of municipal bond attorneys acceptable to the Trustee.

“Bond Year” means the period beginning on July 2 in any calendar year and ending on July 1 in the following calendar year with the initial Bond Year for the Series 2019 Bonds beginning on the date of delivery of the Series 2019 Bonds and ending on July 1, 2019.

“Bonds” means the Series 2019 Bonds and any Additional Bonds issued under the Indenture.

“Bondholder” or “holder of a Bond” or “owner of a Bond” or any similar term means the registered owner of any fully registered Bond.

“Borrower” means DePauw University, an Indiana nonprofit corporation, charged with operating DePauw University in Greencastle, Indiana, and its successors and assigns and any surviving, resulting or transferee corporations.

“Business Day” means any day other than (i) a Saturday or a Sunday or a legal holiday or a day on which banking institutions in the city in which the designated corporate trust office of the Trustee is located are required or authorized by law or executive order to close or (ii) a day on which the New York Stock Exchange is closed.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and the regulations applicable thereto and including any successor code.

“Collateral” means the following: (a) all right, title and interest of the Authority in and to the Loan Agreement (except the right of the Authority to receive payments of certain expenses, to receive indemnification for certain liabilities, and to execute and delivery amendments to the Loan Agreement); (b) the Notes; (c) any and all moneys and securities from time to time on deposit in all funds and accounts created under the Indenture (other than the Rebate Funds); and (d) all proceeds of and substitutions for the moneys and securities in such funds and accounts (other than the Rebate Funds), including intangibles, contract rights, rights to receive payment upon sale and rights to receive delivery of substitute securities.

“Counsel” means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include legal counsel for either the Authority or the Borrower.

"Debt Service Fund" means the fund established by the Indenture.

"Debt Service Requirements" means, for any specified period, (a) the amounts payable as lease rentals in respect of any or all Long Term Indebtedness in the form of capitalized leases, (b) the amounts payable to the Trustee in respect of the principal of Outstanding Bonds and the interest on such Outstanding Bonds and (c) the amounts payable to any or all holders of Long Term Indebtedness other than capitalized leases and Bonds (or to any trustee or paying agent for such holders) in respect of the principal of such Long Term Indebtedness (including scheduled mandatory redemption or prepayments of principal) and the interest on such Long Term Indebtedness; provided that (x) the amounts deemed payable in respect of interest shall not include interest on any Long Term Indebtedness which is funded from the proceeds thereof or from other funds set aside in connection with the issuance of such Long Term Indebtedness, and (y) the foregoing shall be subject to adjustment and recalculation as and to the extent permitted or required under the Loan Agreement.

"Electronic Means" means the following communications methods: S.W.I.F.T., e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

"Escrowed Municipals" means obligations of state or local governments secured by an irrevocable escrow of Federal Securities.

"Event of Default" means those events of default specified in and defined by the Indenture.

"Federal Securities" means:

(1) Cash, or

(2) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

"Fiscal Year" means the period established by the Board of Trustees of the Borrower from time to time in its By-laws or otherwise as the fiscal year of the Borrower for accounting purposes and initially means the period beginning July 1 of each year and ending on June 30 of the next succeeding year.

"Indenture" means the Trust Indenture dated as of June 15, 2019, between the Authority and the Trustee.

"Key Facilities" means the facilities of the Borrower deemed by the Borrower to be necessary for the efficient and economic operation of the Borrower as set forth in the Loan Agreement.

"Loan Agreement" means the Loan Agreement dated as of June 15, 2019, between the Authority and the Borrower.

"Long Term Indebtedness" shall mean all obligations of the Borrower for the payment of borrowed money or obligations pursuant to a financing contract or lease, except:

(a) Short Term Indebtedness;

(b) Current obligations payable out of current revenues, including current payments for the funding of pension plans and contributions to self-insurance programs;

(c) Obligations under contracts for supplies, services and pensions, allocable to the current operating expenses of future years in which the supplies are to be furnished, the services rendered or the pensions paid;

(d) Rentals payable under leases which are properly not capitalized under generally accepted accounting principles; and

(e) Guarantees of long term debt incurred by Greek living units on the Borrower's campus, in amounts less than $300,000 per living unit.

"Moody's" means Moody's Investor Service, Inc.

"Notes" means the Series 2019 Note and any Additional Notes issued by the Borrower pursuant to the Loan Agreement in order to secure an issue of Additional Bonds issued pursuant to the Indenture.

"Outstanding" or "Bonds outstanding" means all Bonds which have been duly authenticated, and delivered by the Trustee under the Indenture, except:

A. Bonds cancelled after purchase in the open market or because of payment at or redemption prior to maturity;

B. Bonds cancelled or deemed cancelled pursuant to the Indenture after transfer to the Borrower;

C. "Undelivered Bonds" under the Indenture;

D. Bonds, the payment or redemption of which, have been satisfied pursuant to the provisions described under the section entitled "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE--Defeasance and Discharge of the Indenture" in this Official Statement; and

E. Bonds in lieu of which others have been authenticated under the Indenture.

"Persons" means natural persons, firms, associations, corporations and public bodies.

"Principal Requirement" means the amount determined in accordance with the schedule in the Indenture.

"Prior Projects" means the educational facilities projects refinanced in whole or in part by the Series 2009 Bonds, as set forth in APPENDIX D attached hereto.

"Qualified Investments" means investments in:

(a) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"),

(b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America,

(c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America,

(d) Federal Housing Administration debentures,

(e) Federal Home Loan Mortgage Corporation participation certificates and senior debt obligations (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts),

(f) Farm Credit Bank consolidated system-wide bonds and notes,

(g) Federal Home Loan Banks consolidated debt obligations,

(h) Federal National Mortgage Association senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts),

(i) unsecured certificates of deposit, time deposits and bankers' acceptances of any bank (including the Trustee and its affiliates) the short-term obligations of which, at the time of purchase, are rated "A-1" or better by S&P having an original maturity of not more than 360 days,

(j) commercial paper (having original maturities of not more than 270 days) rated "A-1" by S&P and "Prime-1" by Moody's at the time of purchase,

(k) evidence of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated,

(l) demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, and certificates of deposit or bankers acceptances of depository institutions, including the Trustee or any of its affiliates, rated at the time of investment in the "AA" long-term ratings category or higher by S&P and Moody's or which are fully FDIC-insured,

(m) money market mutual funds having a rating at the time of investment in the highest investment category granted thereby from S&P or Moody's, including, without limitation any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee,

(n) repurchase and reverse repurchase agreements collateralized with United States Treasury Obligations, including those of the Trustee of any of its affiliates,

(o) investment deposit agreements constituting an obligation of a bank, as defined by the Indiana Banking Act (including the Trustee and its affiliates), whose outstanding unsecured long-term debt is rated at the time of such agreement in any of the three highest rating categories by both S&P and Moody's.

"Resolution" means the Resolution or Resolutions of the Authority authorizing the issuance of the Series 2019 Bonds.

"Series 2008A Bonds" means the Indiana Finance Authority Variable Rate Demand Educational Facilities Revenue Bonds, Series 2008A (DePauw University Project), issued on April 30, 2008 in the original aggregate principal amount of $42,225,000.

"Series 2009 Bonds" means, together, the Series 2009A Bonds and the Series 2009B Bonds.

"Series 2009A Bonds" means the Indiana Finance Authority Educational Facilities Revenue Bonds, Series 2009A (DePauw University Project), issued on December 1, 2009 in the original aggregate principal amount of $29,845,000.

"Series 2009B Bonds" means the Indiana Finance Authority Educational Facilities Revenue Bonds, Series 2009B (DePauw University Project), issued on December 1, 2009 in the original aggregate principal amount of $15,155,000.

"Series 2014 Bond" means the Indiana Finance Authority Educational Facilities Revenue Refunding Bond, Series 2014 (DePauw University Project), issued on March 26, 2014 in the original principal amount of $32,500,000.

"Series 2015 Bond" means the Indiana Finance Authority Educational Facilities Revenue Bond, Series 2015 (DePauw University Project), issued on July 30, 2015 in the original principal amount of $15,115,000.

"Series 2018 Bond" means the Indiana Finance Authority Educational Facilities Revenue Bond, Series 2018 (DePauw University Project), issued on April 30, 2018 in the original principal amount of $40,000,000.

"Series 2019 Bond Service Account" means the Series 2019 Bond Service Account of the Debt Service Fund established by the Indenture.

"Series 2019 Bonds" means the Indiana Finance Authority Educational Facilities Revenue Bonds, Series 2019 (DePauw University Project), dated the date of their delivery and issued in the original aggregate principal amount of $31,830,000*.

"Series 2019 Expense Account" means the Series 2019 Expense Account of the Project Fund established by the Indenture.

"Series 2019 Note" means the Series 2019 Note of the Borrower in the principal amount equal to the initial aggregate principal amount of the Series 2019 Bonds, which will be issued and delivered by the Borrower to the Authority to evidence the loan of the proceeds of the Series 2019 Bonds, and any Note issued in exchange therefor pursuant to the Loan Agreement.

"Series 2019 Refunding Account" means the Series 2019 Refunding Account of the Project Fund established by the Indenture.

"Short Term Indebtedness" means indebtedness having an original stated maturity (without regard to whether such indebtedness is payable at the option of the holder thereof prior to its stated maturity date) less than or equal to one year and not renewable at the option of the Borrower for a term greater than one year beyond the date of original issuance.

"Tax Representation Certificate" means the Tax Representation Certificate delivered by the Borrower to the Authority and the Trustee on the date of delivery of the Series 2019 Bonds.

"Trustee" means Wells Fargo Bank, N.A., and any successor trustee or co-trustee.

"Undelivered Bonds" means Bonds not surrendered for payment within 90 days of the maturity or redemption date thereof, for the payment of which any moneys are available (in either the applicable Redemption Account or Bond Service Account, as the case may be).

"Undertaking Agreement" means the Borrower's Amended and Restated Continuing Disclosure Undertaking Agreement, dated as of June 15, 2019, and all amendments and supplements thereto.

"Underwriter" means Raymond James & Associates, Inc.

"Variable Rate Indebtedness" means Long Term Indebtedness the interest rate on which is not fixed to maturity at the time of issuance.

"Written Request" with respect to the Borrower or Authority shall mean a request in writing signed by an Authorized Borrower Representative, or by the Chair of the Authority, the Vice Chair of the Authority, the Public Finance Director of the State of Indiana or other authorized officer of the Authority, as the case may be.

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* Preliminary, subject to change

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following statements are brief summaries of certain provisions of the Indenture. Such statements do not purport to be complete and reference is made to the Indenture, copies of which are available for examination at the office of the Authority and the Trustee.

Establishment of Funds and Accounts

The Indenture provides for the establishment of the following Funds and Accounts to be held and maintained by the Trustee. The moneys in each of said Funds and Accounts are to be held in trust and applied as provided in the Indenture, and, pending such application (other than any moneys in a Rebate Fund) shall be subject to a prior lien and charge in favor of the holders of the Bonds until paid out or transferred as provided in the Indenture.

Project Fund

The Indenture provides for the establishment of a Project Fund into which the Trustee will deposit a portion of the proceeds of the Series 2019 Bonds. As applicable to the Series 2019 Bonds, the Project Fund will contain (i) an account to be known as the "Series 2019 Expense Account," into which the Trustee will deposit certain proceeds of the Series 2019 Bonds to be used to pay all or a portion of the costs of issuing the Series 2019 Bonds; and (ii) an account to be known as the "Series 2019 Refunding Account," into which the Trustee will deposit certain proceeds of the Series 2019 Bonds to be used to gross fund the current refunding in whole of the outstanding Series 2009 Bonds.

Debt Service Fund

As applicable to the Series 2019 Bonds, the Debt Service Fund shall consist of the Series 2019 Bond Service Account and the Series 2019 Redemption Account. The Trustee shall withdraw from a Bond Service Account the amount required for paying the interest and principal on the corresponding Bonds, including any mandatory sinking fund redemption, as such principal and interest become due and payable. Moneys in a Redemption Account shall be applied to the retirement, by purchase or redemption (other than mandatory sinking fund redemption), of the corresponding Bonds as provided in the Indenture. In the event that Bonds are not surrendered for payment of principal and premium, if any, within 90 days of the maturity or redemption date thereof and moneys are available (in either the applicable Redemption Account or Bond Service Account, as the case may be) for payment therefor, such Bonds shall be considered "Undelivered Bonds". Thereafter, such Undelivered Bonds shall be payable only from the available amounts described above. On the interest payment date which is two (2) years after the scheduled maturity or redemption date of any Undelivered Bonds, the Trustee shall transfer such available amounts to the Borrower upon its written request therefor, and thereafter owners of Undelivered Bonds shall have no claim against any moneys held by the Trustee and shall have recourse only against the Borrower for the payment of principal and premium, if any. Undelivered Bonds shall cease to bear interest as of the scheduled maturity or redemption date.

Rebate Fund

A Rebate Fund shall be used to make any rebate to the United States Government required to prevent any series of tax-exempt Bonds from becoming "arbitrage bonds" under the Code. The Trustee is also required, at the direction of the Borrower and the Authority, to pay the rebate amount to the United States Government at such times as shall be required by the Code or applicable regulations.

Application of Series 2019 Bond Proceeds

The Authority shall deposit with the Trustee all proceeds from the sale of the Series 2019 Bonds (reflecting any original issue discount or bond premium thereon, and excluding the Underwriter's discount). There will be no accrued interest. The Trustee shall make the following deposits (or cause the following payments to be made) from such proceeds:

A. A portion of the proceeds of the Series 2019 Bonds shall be deposited in the Series 2019 Expense Account of the Project Fund and used for payment of all or a portion of the costs of issuance of the Series 2019 Bonds.

B. A portion of the proceeds of the Series 2019 Bonds shall be deposited in the Series 2019 Refunding Account of the Project Fund and used to gross fund the current refunding in whole of the Series 2009 Bonds.

Any balance remaining in the Series 2019 Expense Account following payment of the costs of issuance shall be transferred to the Series 2019 Bond Service Account of the Debt Service Fund. Any balance remaining in the Series 2019 Refunding Account (or in the debt service fund for the Series 2009 Bonds) following payment in full of the Series 2009 Bonds on the call date (which shall be 30 days after the issuance and delivery of the Series 2019 Bonds) shall be transferred to the Series 2019 Bond Service Account of the Debt Service Fund.

Payments

Payments on the Notes and otherwise received by the Trustee under the Loan Agreement shall be deposited by the Trustee to the credit of the Debt Service Fund, to be credited to the following Accounts in the following manner:

A. to the applicable Bond Service Account on the Business Day prior to each semi-annual payment date an amount by which (i) the principal and interest then payable on the corresponding series of Bonds exceeds (ii) the amount of moneys then on deposit in such Bond Service Account.

B. in the event of a redemption (other than a mandatory sinking fund redemption), to the applicable Redemption Account as provided for redemption of the corresponding series of Bonds.

The Borrower has covenanted in the Loan Agreement that it will pay directly to the Trustee its fees and expenses as Trustee for the Bonds.

Investments

The Project Fund (including the Series 2019 Expense Account and the Series 2019 Refunding Account thereof), the Debt Service Fund and any Rebate Fund shall be invested by the Trustee, at the direction of the Borrower, in Qualified Investments which shall be payable or shall be subject to redemption by the holder thereof at the option of such holder, not later than the dates when moneys held for said Fund or Account will be required for expenditure.

Any interest or profit realized from any such investment shall be credited, and any loss resulting from any such investment shall be charged, to the respective Account or Fund involved.

Events of Default and Remedies

Each of the following events is an "event of default" under the Indenture:

(a) payment by the Authority of any installment of interest on any of the Bonds is not made when the same is due and payable (and the continuation for two Business Days thereafter); or

(b) payment by the Authority of the principal of or the redemption premium, if any, on any of the Bonds is not made when the same is due and payable (and the continuation for two Business Days thereafter), either at maturity or by proceedings for redemption or acceleration or through failure to fulfill any payment to any Fund under the Indenture or otherwise; or

(c) any event of default under the Loan Agreement occurs and is continuing; or

(d) the Authority defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture on the part of the Authority to be performed, and such default continues for 30 days after written notice specifying such default and requiring the same to be remedied has been given to the Authority and the Borrower by the Trustee, which may give such notice in its discretion and will give such notice at the written request of the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding.

Upon the happening of any event of default, the Trustee may, without any action on the part of the Bondholders, and will upon the written request of the holders of not less than 25% in principal amount of the Bonds then Outstanding (exclusive of any Bonds then owned by the Authority or the Borrower), and upon being indemnified by the Bondholders to its satisfaction, by notice in writing delivered to the Authority, declare the entire principal amount of the Bonds then Outstanding, and the interest accrued thereon, immediately due and payable. Thereupon, the entire principal and interest will become and be immediately due and payable.

Upon the occurrence of an event of default, the Trustee may pursue any available remedy by suit at law or in equity to enforce the payment of the principal of and premium, if any, and interest on the Bonds then Outstanding or to enforce any obligations of the Authority under the Indenture.

If an event of default has occurred, and if requested so to do by the owners of 25% in aggregate principal amount of Bonds then Outstanding and indemnified by Bondholders to its satisfaction, the Trustee will exercise such one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, deems most expedient in the interests of the Bondholders.

The owners of a majority in aggregate principal amount of Bonds then Outstanding have the right, subject to their obligation to provide the Trustee with satisfactory indemnification, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, the method and the place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture; provided, that such direction is not otherwise than in accordance with the provisions of law and of the Indenture.

All moneys received by the Trustee pursuant to any right given or action taken under the Indenture will, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the fees of, and the expenses, liabilities and advances incurred or made by, the Trustee (including reasonable attorneys' fees and expenses), be deposited in the Debt Service Fund and applied as follows:

(a) Unless the principal of all the Bonds has become or has been declared due and payable, all such moneys will be applied:

First: To the payment to the persons entitled thereto of all installments of interest (including interest on overdue installments of interest, to the extent permitted by law) then due on the Bonds, in the order of the maturity of the installments of such interest, and, if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

Second: To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on the Bonds which have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due, and, if the amount available is not sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds has become due or has been declared due and payable, all such moneys will be applied to the payment of the principal and interest then due and unpaid upon the Bonds (including interest on overdue installments of principal and, to the extent permitted by law, interest), without preference or priority of principal over interest or of interest over any other installment of interest or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds has been declared due and payable, and if such declaration has thereafter been rescinded and annulled under the provisions of the Indenture, then, subject to the provisions of subparagraph (b) above in the event that the principal of all the Bonds later becomes due or is declared due and payable, the moneys will be applied in accordance with the provisions of subparagraph (a) above.

Whenever moneys are to be so applied, such moneys will be applied at such times, and from time to time, as the Trustee determines, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future.

No owner of any Bond has any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust thereof or for any other remedy thereunder, unless (i) a default has occurred of which the Trustee has been notified as provided in the Indenture, or of which by the Indenture it is deemed to have notice, (ii) such default has become an event of default, (iii) the owners of 25% in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee and have offered reasonable opportunity either to proceed to exercise the powers granted by the Indenture or to institute such action, suit or proceeding in its own name, and have offered to the Trustee indemnity satisfactory to the Trustee, and (iv) the Trustee thereafter fails or refuses to exercise such powers or to institute such action, suit or proceeding in its own name. Such notification, request and offer of indemnity are, at the option of the Trustee, conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture or for any other remedy under the Indenture. No one or more owners of the Bonds have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by their action or to enforce any right thereunder except in the manner therein provided. All proceedings at law or in equity must be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of the owners of the Bonds. This does not, however, affect or impair the right of any Bondholder to enforce the covenants of the Authority to pay the principal of and interest on the Bonds to the respective owners thereof at the time and place, from the source and in the manner provided in the Bonds.

In case the Trustee has proceeded to enforce any right under the Indenture and such proceedings have been discontinued or abandoned for any reason, or have been determined adversely, then the Authority, the Borrower and the Trustee will be restored to their former positions and rights under the Indenture with respect to the Collateral, and all rights, remedies and powers of the Trustee will continue as if no such proceedings had been taken.

The Trustee may in its discretion waive any event of default under the Indenture and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds, and will do so upon the written request of either the owners of (1) a majority in aggregate principal amount of all the Bonds in respect of which default in the payment of principal and/or premium, if any, and/or interest exists or (2) a majority in aggregate principal amount of all Bonds in the case of any other default. However, there may not be waived (a) any event of default in the payment of the principal of any Bonds at the date of maturity specified therein or the date established for the redemption thereof or (b) any default in the payment when due of the interest on any Bonds, unless, prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such default has occurred on overdue installments of interest or all arrears of payments of principal and premium, if any, when due, as the case may be, and all expenses of the Trustee in connection with such default have been paid or provided for. In case of any such waiver or rescission or in the case any proceeding taken by the Trustee on account of any such default has been discontinued or abandoned or determined adversely, then the Authority, the Trustee and the Bondholders will be restored to their former positions and rights under the Indenture, respectively.

For so long as the Series 2019 Bonds are registered in the name of DTC or its nominee, the indemnification and requests of holders, as described above, shall come only from Beneficial Owners of the Series 2019 Bonds as provided in the DTC Letter of Representations and the Indenture. See the caption "DESCRIPTION OF THE SERIES 2019 BONDS -- Book-Entry Only System".

Registration, Transfer and Exchanges

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of principal or interest thereon shall be made only to or upon the order of the registered owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event any Bond is mutilated, lost, stolen or destroyed, the Authority may execute and the Trustee may authenticate a new Bond of like series, date, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, together with indemnity satisfactory to the Trustee.

Covenant to Pay Bonds

The Authority has covenanted that it will pay the principal of and the interest on the Bonds at the places, on the dates and in the manner provided in the Bonds, and any premium required for the retirement of the Bonds by purchase or redemption but only from the payments to be made by the Borrower on the Notes and otherwise under the Loan Agreement.

Assignment of Loan Agreement

The Authority has assigned to the Trustee, as additional security for the Bonds, the right to receive payment on the Notes and certain other rights of the Authority under the Loan Agreement.

Supplemental Indentures

The Authority and the Trustee may, without the consent of or notice to any of the Bondholders, enter into an indenture or indentures supplemental to the Indenture, as is not inconsistent with the terms and provisions of the Indenture, for any one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in the Indenture;

(b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or any of them;

(c) To subject to the lien of the Indenture additional revenues, properties or collateral;

(d) To make any changes not detrimental, in the opinion of the Trustee, to the Bondholders necessitated by duly authorized changes in the Loan Agreement; or

(e) To make any other change in the Indenture which, in the judgment of the Trustee, is not materially adverse to the Trustee or the owners of the Bonds.

Exclusive of supplemental indentures described in the preceding paragraph, the owners of not less than 51% of the principal amount of the Bonds then Outstanding have the right, from time to time, to consent to and approve the execution by the Authority and the Trustee of one or more indentures supplemental to the Indenture as is deemed necessary and desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided that no such change shall permit (a) an extension of the maturity on any Bonds without the consent of the holders of such Bonds, (b) a reduction in the principal amount, the redemption premium or the rate of interest of any Bond without the consent of the holders of such Bonds, (c) a preference of any Bond over any other Bond without the consent of the holders of all the Outstanding Bonds, (d) a reduction in the principal amount of the Bonds the holders of which are required for consent to such supplemental resolution or (e) a modification of the rights, duties or immunities of the Trustee without the written consent of the Trustee.

Defeasance and Discharge of the Indenture

All rights and obligations of the Authority and the Borrower under the Loan Agreement, the Notes and the Indenture shall terminate and the Trustee shall cancel the Notes and deliver them to the Borrower, shall execute and deliver all appropriate instruments evidencing and acknowledging the satisfaction of the Indenture, and shall assign and deliver to the Borrower any moneys and investments in all Funds established under the Indenture (except moneys or investments held by the Trustee for the payment of principal of, interest on, or premium, if any, on the Bonds) when;

A. all fees and expenses of the Trustee and any paying agent shall have been paid;

B. the Authority and the Borrower shall have performed all of their covenants and promises in the Loan Agreement, the Notes and the Indenture; and

C. all Bonds theretofore authenticated and delivered (i) have become due and payable, or (ii) are to be retired or called for redemption under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee at the expense of the Borrower, or (iii) have been delivered to the Trustee cancelled or for cancellation; and, in the case of (i) and (ii) above, there shall have been deposited with the Trustee either cash in an amount which shall be sufficient, or noncallable Federal Securities or Escrowed Municipals, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee, shall be sufficient, to pay when due the principal or redemption price, if applicable, and interest due and to become due on the Bonds on or prior to the redemption date or maturity date thereof, as the case may be;

provided, however, none of the Bonds may be advance refunded if under any circumstances the interest on such tax-exempt refunded Bonds would become includable in gross income for purposes of Federal income taxation or if such advance refunding is not permitted by the laws of Indiana. In determining the foregoing, the Trustee may rely upon an opinion of Bond Counsel (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that interest on the tax-exempt Bonds being refunded will not be subject to federal income taxation, notwithstanding the satisfaction and discharge of the Indenture, and that any and all conditions precedent to the satisfaction and discharge of the Indenture have been complied with.

Any Outstanding Bond or Bonds and all interest due thereon shall, prior to the maturity or redemption date, be deemed to have been paid if, under circumstances which do not render interest on the tax-exempt Bonds subject to federal income taxation there shall have been deposited with the Trustee either cash in an amount which shall be sufficient, or noncallable Federal Securities or Escrowed Municipals, the principal of and the interest on which when due will provide moneys which, together with moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, premium, if any, or redemption price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption dates or maturity dates thereof.

The owners of Bonds which have been defeased shall not be entitled to the benefits or protection of the Indenture or subject to the provisions of the Indenture, except as specifically provided in the Indenture and in particular the provisions of the Indenture relating to payment, transfer and exchange and redemption of the Bonds shall continue to apply to defeased Bonds.

Amendments to Loan Agreement

The Authority and the Trustee may, with the consent of the Borrower but without the consent of or notice to the Bondholders, consent to any amendment, change or modification of the Loan Agreement as may be required (i) by the provisions of the Loan Agreement and the Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission, or (iii) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the owners of the Bonds.

Except for the amendments, changes or modifications described in the preceding paragraph, neither the Authority nor the Trustee may consent to any other amendment, change or modification of the Loan Agreement without the written approval or consent of the owners of not less than 51% in aggregate principal amount of the Bonds at the time Outstanding.

Under no circumstances may any amendment to the Loan Agreement alter the Notes or the payments of principal and interest thereon, without the consent of the owners of all the Bonds at the time Outstanding.

Limited Obligation of Bonds; No Personal Liability

(a) Notwithstanding any provision of the Indenture, the Loan Agreement or the Bonds to the contrary:

(1) The Bonds are special, limited obligations of the Authority, payable solely from and secured by the revenues pledged to the payment thereof pursuant to the Indenture and the Loan Agreement. The Bonds are not and never shall become general obligations of the Authority.

(2) Neither the Authority, the State, nor any of its political subdivisions shall be directly, indirectly, contingently or morally obligated to use any other moneys or assets to pay all or any portion of the debt service due on the Bonds, to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

(3) The State shall not in any event be liable for the performance of any pledge, obligation or agreement of any kind whatsoever that may be undertaken or made by the Authority or the Borrower. The Authority shall not in any event be liable for the performance of any pledge, obligation or agreement of any kind whatsoever undertaken or made by the Borrower.

(4) The Bonds are not a pledge of the faith and credit of the Authority, the State or any of its political subdivisions nor do they constitute indebtedness within the meaning of any constitutional or statutory debt limitation. Neither the Bonds, the Loan Agreement, nor any of the agreements or obligations of the Authority or the Borrower shall be construed to (i) constitute an indebtedness or obligation, general, moral or otherwise, of the State or the Authority within the meaning of any constitutional or statutory provisions or (ii) give rise to any pecuniary liability on, or be a charge against, the general credit or taxing powers of the State or the Authority.

(5) The Authority shall not be liable for payment of the principal of, premium, if any, or interest on the Bonds or any other costs, expenses, losses, damages, claims or actions of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Indenture, the Bonds or any other documents, except only to the extent amounts are received for bond payments or loan payments from the Borrower under the Indenture or the Loan Agreement.

(6) All of the representations and warranties of the Authority contained in the Indenture and the Loan Agreement are subject to the limitations set forth in this

paragraph (a) and are not intended to and do not create a general obligation of the Authority.

(b) Notwithstanding any provision of the Indenture, the Loan Agreement or the Bonds to the contrary, the Authority shall be entitled to refrain from taking any action otherwise required of it under the Indenture, any Tax Representation Certificate or the Loan Agreement unless and until the Borrower shall have caused adequate provision for the payment of any and all reasonable costs and expenses, outlays, and counsel fees and other disbursements, and against all liability, to be provided for the account of the Authority in advance of taking such action. Notwithstanding any provision of the Indenture, the Loan Agreement or the Bonds to the contrary, the Authority may consult with independent counsel, chosen by it with reasonable care, and shall not be liable for action taken or not taken in good faith in reliance upon the written advice or opinion of such counsel.

(c) Notwithstanding any provision of the Indenture, the Loan Agreement or the Bonds to the contrary:

(1) No person executing the Indenture, the Bonds, the Loan Agreement, any certificate, statement, request, requisition or order of the Authority, or any other agreement or instrument of the Authority (each an "Authority Delivery"), is liable personally on or with respect to such Authority Delivery or otherwise subject to any personal liability or accountability by reason thereof.

(2) No recourse shall be had for the payment of the principal of, premium, if any, or the interest on the Bonds or for any claim based thereon or any certification, obligation, covenant or agreement in any Authority Delivery against any past, present or future member, officer, agent, attorney, employee, director, trustee or other official of the Authority or any incorporator, member, officer, agent, attorney, employee, director, trustee, other official or independent contractor of any successor corporation of the Authority or any person executing the Bonds or any other Authority Delivery.

(3) No covenant, stipulation, promise, certification, agreement or obligation contained in the Bonds, the Indenture, the Loan Agreement or any other Authority Delivery executed in connection therewith shall be deemed to be the covenant, stipulation, promise, agreement or obligation of any present or future member, director, trustee, officer, agent, attorney, employee or other official of the Authority in his or her individual capacity, and neither any official of the Authority, nor any officers executing the Bonds, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

(d) By their purchase of each Series 2019 Bond, each Series 2019 Bondholder shall be deemed to have acknowledged and agreed to the foregoing provisions and that the Authority has no taxing power.

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following statements are brief summaries of certain provisions of the Loan Agreement. Such statements do not purport to be complete and reference is made to the Loan

Agreement, copies of which are available for examination at the office of the Authority and the Trustee.

Costs of the Refunding

The costs of the current refunding in whole of the Series 2009 Bonds will be gross funded in full from a portion of the proceeds of the Series 2019 Bonds.

Credits on Notes

In addition to any credits on the Notes resulting from the payment or prepayment thereof from other sources:

(i) any moneys deposited by the Trustee in a Bond Service Account (or, in connection with any redemption other than mandatory sinking fund redemption, a Redemption Account) for the payment of principal of and premium, if any, or interest on a series of Bonds will be credited against the obligations of the Borrower to pay the corresponding installments of principal, premium, if any, or interest on the corresponding Note as the same becomes due;

(ii) interest earnings and other amounts deposited into a Bond Service Account pursuant to the Indenture will be credited against the obligation of the Borrower to pay the corresponding installments of principal, premium, if any, or interest on the corresponding Note as the same becomes due; and

(iii) the principal amount of Bonds of any series and maturity acquired by the Borrower and delivered to the Trustee, or acquired by the Trustee and cancelled, will be credited against the obligation of the Borrower to pay the corresponding principal installments on the corresponding Note.

Obligations of the Borrower

The Borrower agrees that its obligations to make payments under the Loan Agreement and on the Notes will be absolute and unconditional and that the Borrower will not be entitled to any abatement, diminution, set-off, abrogation, waiver or modification thereof nor to any termination of the Loan Agreement by any reason whatsoever, regardless of any rights of set-off, recoupment or counterclaim that the Borrower might otherwise have against the Authority or the Trustee or any other parties and regardless of any contingency, act of God, event or cause whatsoever.

The Borrower shall maintain its student tuition and fees at the level necessary to generate sufficient revenue to meet its payment obligations when due under the Notes and the Loan Agreement.

The Borrower's obligation to make payments on the Notes is, however, unsecured. The interest of the owners of the Bonds will be junior to any creditor that has a prior or subsequent mortgage lien or perfected security interest in any other property of the Borrower. See

APPENDIX A – Outstanding Indebtedness" and APPENDIX B for a description of the currently outstanding debt of the Borrower.

Reports and Audits

The Borrower covenants that, not later than 180 days after the close of each Fiscal Year of the Borrower, it will furnish to the Trustee the financial statements of the Borrower for such Fiscal Year, containing those statements customarily prescribed for colleges and universities, including the statement of financial position and the related statement of activities and cash flows.

Covenants of the Borrower

The Borrower covenants, among other things:

A. That the Borrower is an organization described in Section 501(c)(3) of the Code that is exempt from federal taxation under Section 501(a) of the Code, that it is a "nonprofit college or university" within the meaning of the Act, and that the facilities comprising the Prior Projects are "educational facility projects," all within the meaning of the Act.

B. That the Borrower will duly and punctually pay, in immediately available funds, the principal of, premium, if any, and interest on the Notes.

C. That the Borrower will not use the Prior Projects or permit the Prior Projects to be used in such a way as to subject the Borrower to the tax imposed by Section 511 of the Code, on unrelated business taxable income, as defined in Section 512 thereof, unless such use will in no way adversely affect the status of the Borrower as an organization described in said Section 501(c)(3) or adversely affect the tax status of the interest on the Series 2019 Bonds; nor will it use or permit the Prior Projects to be used by any non-exempt person in such manner as would result in the loss of tax exemption for interest on the Series 2019 Bonds otherwise afforded under Section 103 of the Code; nor will it act or fail to act in any other manner which would adversely affect the tax status for federal income tax purposes of the interest on the Series 2019 Bonds.

D. That the Borrower will at all times maintain its existence as a nonprofit college or university and that it will take no action or suffer any action to be taken by others which will alter, change or destroy its status as a nonprofit corporation or its status as an organization described in Section 501(c)(3) of the Code and exempt from federal income taxation under Section 501(a) of the Code.

E. That, during the term of the Loan Agreement, the Borrower will maintain its corporate existence and will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; except, that the Borrower may, without violating the foregoing, consolidate with or merge into a nonprofit corporation which is an eligible "nonprofit college or university" under the Act, or permit one or more other such corporations to consolidate with or merge into it, or transfer all or substantially all of its assets to another such corporation or corporations (and thereafter dissolve or not dissolve as the Borrower may elect) if the requirements set forth hereafter are complied with and there has been delivered to the Authority and Trustee an opinion of Counsel stating that there has been said compliance:

1. the corporation surviving such merger, resulting from such consolidation or receiving such transferred assets, that will operate the Projects and Prior Projects (if other than the Borrower), has expressly assumed in writing all of the obligations of the Borrower contained in the Loan Agreement, and will, in the judgment of the Board of Trustees of the Borrower, have resources sufficient to make all required payments with respect to the Loan Agreement and the Notes;

2. the liens created by the Indenture and the pledge of the Collateral will not in any manner be affected thereby;

3. the surviving corporation (if other than the Borrower) has met all accreditation requirements and has the same tax-exempt status required of the Borrower under the Loan Agreement;

4. an opinion of Bond Counsel to the effect that such merger, consolidation or transfer will not adversely affect the exclusion from gross income for federal income taxation purposes of the interest on the Bonds; and

5. no litigation shall be pending against any party to such merger, consolidation or transfer (other than the Borrower) in which the expected aggregate loss amount (as estimated by counsel for the Borrower) which is not fully covered by insurance or cash reserves established pursuant to a permitted self-insurance program exceeds 2% of the net worth of the party surviving such merger or consolidation or receiving such assets, either in any one case or in the aggregate of all cases.

F. That, while Bonds are Outstanding, the Borrower shall keep or cause to be kept the facilities of the Borrower continuously insured against such risks and in such amounts with such deductible provisions as are customary in connection with the operation of facilities of the type and size comparable to the facilities of the Borrower. The Borrower may also satisfy such insurance requirements through a program of self-insurance if such program is reviewed at least annually for actuarial soundness by an independent consultant.

G. That the Borrower makes the additional representations, warranties, covenants and information in the Tax Representation Certificate of the Borrower delivered upon the issuance of the Series 2019 Bonds.

Events of Default and Remedies

The occurrence and continuance of any of the following events constitutes an "event of default" under the Loan Agreement:

(a) failure (and the continuation for two Business Days thereafter) of the Borrower to pay any installment of interest or principal, or any premium, on the Notes when the same becomes due and payable, whether at maturity or upon any date fixed for prepayment or by acceleration or otherwise; or

(b) failure of the Borrower to perform any other covenant, condition or provision of the Loan Agreement and to remedy such default within 30 days after notice thereof from the Trustee to the Borrower, unless the nature of the default is such that it cannot be remedied within the 30-day period but can be remedied and the Borrower undertakes corrective action within the period agreed upon and diligently pursues such action until the default is remedied; or

(c) if any material representation made by the Borrower in any statement or certificate furnished to the Authority, the Trustee or the Underwriter in connection with the sale of the Series 2019 Bonds or furnished by the Borrower pursuant to the Loan Agreement proves untrue in any material respect as of the date of the issuance or making thereof; or

(d) default in any payment of principal of, premium, if any, or interest on any other obligation of or guaranty by the Borrower for borrowed money, which obligation, together with all such other obligations so in default, equals at least $500,000 in the aggregate, such default continuing beyond the expiration of the applicable grace period, if any, provided for therein, or default in the performance of any other agreement, term or condition contained in any agreement under which such obligation is created, which permits the holder thereof to declare such obligation immediately due and payable prior to the date on which it would otherwise have become due and payable; provided, however, that if such default is cured by the Borrower or is waived by the holder of such obligation, and any such declaration be rescinded or annulled, then the event of default by reason thereof will be deemed to have been thereupon cured; or

(e) any judgment, writ or warrant of attachment or of any similar process in any amount in excess of $1,000,000 (and not covered, subject to customary deductibles or exclusions, by the Borrower's insurance policies or its self-insurance program) is entered or filed against the Borrower or against any of its property and remains unvacated, unpaid, unbonded, unstayed, uncontested or unappealed in good faith for a period of 90 days; or

(f) if the Borrower admits insolvency or bankruptcy or its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee or receiver for the Borrower, or for the major part of its property; or

(g) if a trustee or receiver is appointed for the Borrower or for the major part of its property and is not discharged within 60 days after such appointment; or

(h) if bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors are instituted by or against the Borrower (other than bankruptcy proceedings instituted by the Borrower against third parties) and, if instituted against the

Borrower, are allowed against the Borrower or are consented to or are not dismissed, stayed or otherwise nullified within 60 days after such institution; or

(i) an "event of default" under the Indenture.

Upon the occurrence and during the continuance of any event of default under the Loan Agreement, the Trustee, as assignee of the Authority pursuant to the Indenture, will have the following rights and remedies, in addition to any other remedies in the Loan Agreement or by law provided:

(a) The Trustee may, by written notice to the Borrower, declare the principal of the Notes (if not then due and payable) and the interest accrued thereon to be due and payable immediately, and upon any such declaration the principal of the Notes and the interest accrued thereon will become and be immediately due and payable. However, if, at any time after the principal of the Notes and the interest accrued thereon has been so declared and become due and payable, all arrears of interest, if any, upon the Notes and the expenses of the Trustee and the Authority are paid by the Borrower, and every other default in the observance or performance of any covenant, condition or agreement in the Notes or the Loan Agreement contained is made good, or is secured, to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate is made therefor, then the event of default by reason of which the principal of the Notes and the interest accrued thereon has been so declared and become due and payable will be deemed waived by the Trustee, and such declaration and its consequences will be deemed annulled and rescinded.

(b) The Trustee, personally or by attorney, may, in its discretion, proceed to protect and enforce its rights by a suit or suits in equity or at law, whether for damages or for the specific performance of any covenant or agreement contained in the Notes or the Loan Agreement, or in aid of the execution of any power granted in the Loan Agreement, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee deems most effectual to protect and enforce any of its rights or duties under the Loan Agreement.

Any moneys thus collected by the Trustee under the Loan Agreement will be applied by the Trustee as follows:

First: To the payment of all costs and expenses (including reasonable attorneys fees and expenses) of the proceedings resulting in the collection of such moneys and of the fees of, and the expenses, liabilities and advances incurred or made by, the Trustee.

Second: To the payment of the amounts then due and unpaid upon the Notes (whether for principal, interest or premium) in respect of which such moneys have been collected, ratably and without preference or priority of any kind, according to the amounts due and payable upon the Notes.

No Additional Indebtedness Limitation

The Loan Agreement does not contain any limitation on the incurrence of additional indebtedness. However, there are certain limitations on additional indebtedness set forth in the 2008A Reimbursement Agreement, the 2014 Loan Agreement, the 2015 Loan Agreement and the 2018 Loan Agreement.

Continuing Disclosure

Pursuant to Securities and Exchange Commission (the "SEC") Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, the Borrower has entered into the Undertaking Agreement. Notwithstanding any other provision of the Loan Agreement, failure of the Borrower to comply, or to cause compliance, with the requirements of SEC Rule 15c2-12, as it may from time to time hereafter be amended or supplemented, shall not be considered a default under the Loan Agreement.

The Borrower acknowledges, represents and warrants to the Authority and other parties in interest that the Undertaking Agreement (i) was prepared solely by the Borrower without any representation or guidance by or from the Authority as to any matters of law or fact (except for facts pertaining to the Authority's approval of the Series 2019 Bonds and authorization thereof), whether expressed therein or otherwise applicable thereto (or omitted therefrom), (ii) solely reflects and sets forth the Borrower's understandings, judgments and determinations as to all relevant matters of law or fact, whether expressed therein or otherwise applicable thereto (or omitted therefrom), and (iii) solely reflects and sets forth the Borrower's expectations and intentions as to any such matters as may be set forth therein.

The Borrower acknowledges and agrees that the Authority has no continuing disclosure related obligation in connection with the Bonds.

TAX MATTERS

In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2019 Bonds is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the issue date of the Series 2019 Bonds (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax. This opinion is conditioned on continuing compliance by the Authority and the Borrower with the Tax Covenants (as hereinafter defined). Failure to comply with the Tax Covenants could cause interest on the Series 2019 Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue.

In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2019 Bonds is exempt from income taxation in the State of Indiana (the "State"). This opinion relates only to the exemption from State income tax of interest on the Series 2019 Bonds. See APPENDIX C for the form of opinion of Bond Counsel.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series 2019 Bonds as a condition to the exclusion from gross income of interest on the Series 2019 Bonds for federal income tax purposes. The Authority and Borrower will covenant not to take any action within their respective power and control, nor fail to take any action within their respective power and control, with respect to the Series 2019 Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Series 2019 Bonds pursuant to Section 103 of the Code (collectively, the "Tax Covenants"). The Indenture and certain certificates and agreements to be delivered on the date of delivery of the Series 2019 Bonds establish procedures under which compliance with the requirements of the Code can be met. It is not an event of default under the Indenture if interest on the Series 2019 Bonds is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the issue date of the Series 2019 Bonds.

Indiana Code Section 6-5.5 imposes a franchise tax (as defined in Indiana Code Section 6-5.5) on certain taxpayers which generally include all corporations which are transacting the business of a financial institution in Indiana. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code.

Although Bond Counsel will render an opinion that interest on the Series 2019 Bonds is excluded from federal gross income and that interest on the Series 2019 Bonds is exempt from State income tax, the accrual or receipt of interest on the Series 2019 Bonds may otherwise affect a Bondholder's federal income tax or state tax liability with respect to the Series 2019 Bonds. The nature and extent of these other tax consequences will depend upon a Bondholder's particular tax status and a Bondholder's other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Series 2019 Bonds. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Series 2019 Bonds should consult their own tax advisors with regard to the other tax consequences of owning the Series 2019 Bonds.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Series 2019 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. There can be no assurance that legislation enacted or proposed after the date of issuance of the Series 2019 Bonds will not have an adverse effect on the federal tax-exempt status of the Series 2019 Bonds or the market price of the Series 2019 Bonds. Prospective purchasers of the Series 2019 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal or state tax legislation.

ORIGINAL ISSUE DISCOUNT

The initial public offering prices of the Series 2019 Bonds maturing on ________________________ (collectively, the "Discount Bonds") are less than the principal amounts payable at maturity. As a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price of the Discount Bonds, as set forth on the inside cover page of this Official Statement (assuming it is the first price at which a substantial amount of that maturity is sold) (the "Issue Price" for such maturity), and the amount payable at maturity of the Discount Bonds will be treated as "original issue discount." A taxpayer who purchases a Discount Bond in the initial public offering at the Issue Price for such maturity and who holds such Discount Bond to maturity may treat the full amount of original issue discount as interest which is excludable from the gross income of the owner of that Discount Bond for federal income tax purposes and will not, under present federal income tax law, realize taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Bond on the basis of the yield to maturity determined on the basis of compounding at the end of each six-month period (or shorter period from the date of original issue) ending on January 1 and July 1 (with straight line interpolation between compounding dates).

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discount Bonds which are Series 2019 Bonds, that the amount of original issue discount accruing each period will be added to the owner's tax basis for such Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of such Discount Bonds (including sale, redemption or payment at maturity). Owners of such Discount Bonds who dispose of such Discount Bonds prior to maturity should consult their advisors concerning the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bonds prior to maturity.

As described under the caption "TAX MATTERS," the original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. Owners of any Discount Bonds should be aware that the accrual of original issue discount in each year may result in a tax liability from these collateral tax consequences even though the owners of such Discount Bonds will not receive a corresponding cash payment until a later year.

Owners who purchase Discount Bonds in the initial public offering but at a price different from the Issue Price for such maturity should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bonds such as the Discount Bonds. Owners who do not purchase Discount Bonds in the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of Discount Bonds.

Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discount Bonds. It is possible that under the applicable provisions governing the determination of state or local income taxes, accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

BOND PREMIUM

The initial public offering prices of the Series 2019 Bonds maturing on ____________________________ (collectively, the "Premium Bonds") are greater than the principal amounts payable at maturity or the call date. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the "Bond Premium"). An owner who acquires a Premium Bond in the initial public offering will be required to adjust the owner's basis in the Premium Bond downward as a result of the amortization of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon the disposition of the Premium Bonds (including sale, redemption or payment at maturity or the call date). The amount of amortizable Bond Premium will be computed on the basis of the owner's yield. Rules for determining (i) yield, (ii) the amount of amortizable Bond Premium and (iii) the amount amortizable in a particular year are set forth at Section 17(b) of the Code and the Regulations accompanying that Section. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the Premium Bonds which are Series 2019 Bonds. Owners of Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of such Premium Bonds and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Special rules governing the treatment of Bond Premium, which are applicable to dealers in tax-exempt securities, are found at Section 75 of the Code. Dealers in tax-exempt securities are urged to consult their own tax advisors concerning the treatment of Bond Premium.

LEGAL MATTERS SUBJECT TO APPROVAL OF COUNSEL

Certain legal matters incident to the authorization and issuance of the Series 2019 Bonds are subject to the unqualified legal opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel.

Certain legal matters will be passed upon for the Authority by its special counsel, Bose McKinney & Evans LLP, Indianapolis, Indiana, for the Borrower by Ice Miller LLP, Indianapolis, Indiana, and for the Underwriter by Moore & Van Allen, Charlotte, North Carolina.

Bond Counsel has not undertaken independently to verify any information contained in this Official Statement, except that representatives of such firm participating in the issuance of the Series 2019 Bonds have reviewed the information under the headings "INTRODUCTION," "DESCRIPTION OF THE SERIES 2019 BONDS (other than under the subheadings "Book-

Entry Only System"")," "SECURITY FOR THE BONDS," "DEFINITIONS OF CERTAIN TERMS," "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE," "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT," "TAX MATTERS," "ORIGINAL ISSUE DISCOUNT," "BOND PREMIUM" and "CONTINUING DISCLOSURE," and determined that such information conforms in all material respects to the provisions of the documents and other matters set forth therein. Bond Counsel has not undertaken to review the accuracy or completeness of statements under any other heading of this Official Statement, including particularly matters related to the financial condition of the Borrower and other financial data concerning the Borrower, and expresses no opinion thereon nor assumes any responsibility therewith.

LEGAL OPINIONS AND ENFORCEABILITY OF RIGHTS AND REMEDIES

The various legal opinions to be delivered concurrently with the delivery of the Series 2019 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment of the transaction opined upon or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The enforceability of the rights and remedies of the Trustee and the owners of the Series 2019 Bonds under the Indenture and the availability of remedies to any party seeking to enforce the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decision, including specifically Title 11 of the United States Code (the federal bankruptcy code), the enforceability of the rights and remedies under the Indenture and the availability of remedies to any party seeking to enforce the security granted thereby may be limited.

The various legal opinions to be delivered concurrently with the delivery of the Series 2019 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Indiana and the United States of America and bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). These exceptions would encompass any exercise of federal, State or local police powers (including the police powers of the State), in a manner consistent with the public health and welfare. The enforceability of the Indenture and the availability of remedies to a party seeking to enforce a pledge of security under the Indenture in a situation where such enforcement or availability may adversely affect public health and welfare may be subject to these police powers.

CREDIT RATING

Moody's Investors Service, Inc. has assigned its municipal bond rating of "A3" to the Series 2019 Bonds, with a negative outlook. Any explanation of the significance of such rating may only be obtained from the rating agency furnishing the same. Certain information and materials not included in this Official Statement were furnished to the rating agency concerning the Series 2019 Bonds. Generally, rating agencies base their ratings on such information and material and on investigations, studies and assumptions made by the rating agencies. There is no assurance that the rating mentioned above will remain in effect for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. The Underwriter has no responsibility to bring to the attention of the owners of the Series 2019 Bonds any proposed revision or withdrawal of the rating on the Series 2019 Bonds. Any such downward change in or withdrawal of such rating might have an adverse effect on the market price or the marketability of the Series 2019 Bonds.

INDEPENDENT AUDITORS

The consolidated financial statements of the Borrower as of and for the fiscal years ended June 30, 2018 and 2017, included in this Official Statement in APPENDIX B, have been audited by BKD, LLP, Independent Auditors, Indianapolis, Indiana, as stated in their report appearing herein, which report, together with the consolidated financial statements, is included in APPENDIX B. The Borrower did not request BKD, LLP to perform any updating procedures subsequent to the date of its audit report on the June 30, 2018, consolidated financial statements. BKD, LLP, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. BKD, LLP, also has not performed any procedures relating to this Official Statement.

LITIGATION

The Authority

To the Authority's knowledge, there is no pending or threatened litigation seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2019 Bonds, questioning or affecting the validity of the Series 2019 Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, questioning or affecting the validity of the pledge or application of any moneys, revenues or security provided for the payment of the Series 2019 Bonds or questioning or affecting the existence or powers of the Authority.

The Borrower

There is no litigation pending or threatened against the Borrower which (i) is not adequately covered by insurance or self-insurance or which, in the opinion of Borrower's management, could have a material adverse effect on the Borrower's business or financial position, or (ii) seeks to restrain or enjoin the issuance, sale, execution or delivery of the Loan Agreement, the Indenture, the Undertaking Agreement, the Bond Purchase Agreement, the Series 2019 Bonds or any proceedings of the Borrower taken with respect to the issuance or sale thereof, or the pledge or application of any money or security provided for the payment of the Series 2019 Bonds or the use of the proceeds of the Series 2019 Bonds.

Like many higher education institutions of similar size, the Borrower is regularly involved in lawsuits and claims related to the Borrower's operations. These lawsuits typically relate to labor and employment matters or student issues or arise primarily out of injuries or property damage. Based on its review of the various cases and claims and past experience, the Borrower believes that no litigation or proceedings are pending or, to the knowledge of management of the Borrower, threatened against the Borrower, except (i) litigation or proceedings in which the probable ultimate recoveries and the estimated costs and expenses of defense, in the opinion of management of the Borrower, will be entirely within the applicable insurance policy limits (subject to applicable deductibles) or for which adequate reserves exist, or (ii) litigation or proceedings in which, in the opinion of management of the Borrower, an adverse determination would not have a material adverse effect on the operations or condition, financial or otherwise, of the Borrower.

CONTINUING DISCLOSURE

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the "Rule"), the Borrower will enter into an Amended and Restated Continuing Disclosure Undertaking Agreement, dated as of June 15, 2019 (the "Undertaking Agreement"). Pursuant to the terms of the Undertaking Agreement, the Borrower will agree to provide the following information while any of the Series 2019 Bonds are Outstanding:

- <u>Audited Financial Statements</u>. To the Municipal Securities Rulemaking Board (the "MSRB"), if not submitted along with the Annual Information (as defined below), when and if available, the audited consolidated financial statements of the Borrower for each Fiscal Year of the Borrower, beginning with the Fiscal Year ending June 30, 2019, together with the auditor's report and all notes thereto; and

- <u>Financial Information in this Official Statement</u>. To the MSRB, within 180 days of the close of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2019, annual financial information for the Borrower for such Fiscal Year, other than the audited financial statements described above, including (i) unaudited financial statements of the Borrower if audited financial statements are not available and (ii) operating data (excluding any demographic information or forecasts) of the general type provided in the tables set forth under the following headings in APPENDIX A to this Official Statement (collectively, the "Annual Information"):

    - Enrollment
    - Student Admissions
    - Tuition and Fees (excluding information regarding peer institutions)
    - Financial Aid to Students
    - Student Housing
    - Endowment
    - Gifts, Grants and Bequests

- <u>Reportable Events</u>. In a timely manner within 10 business days after the occurrence thereof, notice of the occurrence of any of the following events, to the MSRB:

    (1) principal and interest payment delinquencies;
    (2) non-payment related defaults, if material;
    (3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;
(5) substitution of credit or liquidity providers, or their failure to perform;
(6) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material events, notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations;
(7) modifications to rights of security holders, if material;
(8) bond calls, if material, and tender offers;
(9) defeasances;
(10) release, substitution or sale of property securing repayment of the Obligations, if material;
(11) rating changes;
(12) bankruptcy, insolvency, receivership or similar event of the Obligor;
(13) the consummation of a merger, consolidation, or acquisition involving the Obligor or the sale of all or substantially all of the assets of the Obligor, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
(15) incurrence of a Financial Obligation of the Obligor, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligor, any of which affect security holders, if material; and
(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligor, any of which reflect financial difficulties.

"Financial Obligation" shall mean (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the SEC Rule.

Determinations of materiality shall be made by the Obligor in accordance with the standards established by federal securities laws, as then in existence.

- Failure to Disclose. In a timely manner, to the MSRB, notice of the Borrower failing to provide the Annual Information or audited financial statements as described above.

If any Annual Information or audited financial statements relating to the Borrower referred to above no longer can be provided because the operations to which they related have been materially changed or discontinued, a statement to that effect, provided by the Borrower to the MSRB, along with any other Annual Information or audited financial statements required to be provided under the Undertaking Agreement, shall satisfy the Undertaking Agreement. To the extent available, the Borrower shall cause to be filed, along with the other Annual Information or audited financial statements, operating data similar to that which can no longer be provided.

The Borrower has agreed to make a good faith effort to obtain Annual Information. However, failure to provide any component of Annual Information because it is not available to the Borrower on the date by which Annual Information is required to be provided under the Undertaking Agreement, shall not be deemed to be a breach of the Undertaking Agreement. The Borrower has further agreed to supplement the Annual Information filing when such data is available.

Dissemination Agent. The Borrower may, at its sole discretion, utilize an agent in connection with the dissemination of any information required to be provided by the Borrower pursuant to the terms of the Undertaking Agreement.

Remedy. The sole remedy against the Borrower for any failure to carry out any provision of the Undertaking Agreement shall be for specific performance of the Borrower's disclosure obligations under the Undertaking Agreement and not for money damages of any kind or in any amount or for any other remedy. The Borrower's failure to honor its covenants thereunder shall not constitute a breach or default with respect to the Bonds, the Indenture or any other agreement to which the Borrower is a party.

In the event that the Borrower fails to provide any information required of it by the terms of the Undertaking Agreement, any holder or beneficial owner of Bonds may pursue the remedy set forth above in any court of competent jurisdiction in the State of Indiana. Any challenge to the adequacy of the information provided by the Borrower by the terms of the Undertaking Agreement may be pursued only by holders or beneficial owners of not less than 25% in principal amount of Bonds then Outstanding in any court of competent jurisdiction in the State of Indiana. An affidavit to the effect that such persons are holders or beneficial owners of Bonds, which is supported by reasonable documentation of such claim, shall be sufficient to evidence standing to pursue the remedy set forth above.

Prior to pursuing any remedy for any breach of any obligation under the Undertaking Agreement, an owner or beneficial owner of Bonds shall give notice to the Borrower, by registered or certified mail, of such breach and its intent to pursue such remedy. Thirty (30) days after the receipt of such notice, and not before, such remedy may be pursued under the Undertaking Agreement if and to the extent the Borrower has failed to cure such breach.

Modification of Undertaking Agreement. The Borrower may, from time to time, amend or modify the Undertaking Agreement without the consent of or notice to the owners of the Bonds if either (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Borrower, or type of business conducted, (ii) the Undertaking Agreement, as so amended or modified, would have complied with the requirements of the Rule on the date thereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment or modification does not materially impair the interests of the owners of the Bonds, as determined either by (A) any person selected by the Borrower that is unaffiliated with the Borrower (including the Trustee under the Indenture or nationally recognized bond counsel) or (B) an approving vote of the owners of 51% of Outstanding Bonds at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds the Undertaking Agreement) is permitted by the Rule, as then in effect.

EMMA. The SEC has approved the submission of continuing disclosure filings with the Electronic Municipal Market Access ("EMMA") system established by the MSRB, as the sole nationally recognized municipal securities information repository recognized by the SEC, effective July 1, 2009. As of the date hereof, the SEC has approved submission of continuing disclosure filings on EMMA, and the MSRB has requested such filings to be made by transmitting such filings to EMMA currently found at www.emma.msrb.org.

The Authority. No financial or operating data concerning the Authority is material to an evaluation of the offering of the Series 2019 Bonds or to any decision to purchase, hold or sell Series 2019 Bonds and the Authority will not provide any such information. As described above, the Borrower has undertaken all responsibilities for any continuing disclosure to Bondholders, and the Authority will have no liability to the owners of the Bonds or any other person with respect to the Rule.

Past Compliance. In order to assist the Underwriter in complying with the Underwriter's obligations pursuant to the Rule, and as required by the Rule, the Borrower represents that, other than as described below, in the previous five years it has not failed to comply, in any material respect, with any of its previous continuing disclosure undertakings in a written contract or agreement as specified in paragraph (b)(5)(i) of the Rule. So far as the Borrower is aware, the Borrower's only failure was that it failed to file an event notice in May 2015 with respect to its Series 2008A Bonds, based on an upgrade to the credit rating of the letter of credit provider for the Series 2008A Bonds. The Borrower makes no representation as to any potential materiality of such prior failure, as materiality is dependent upon individual facts and circumstances.

UNDERWRITING

The Underwriter has agreed to purchase the Series 2019 Bonds at an aggregate purchase price of $____________ (which represents the principal amount of the Series 2019 Bonds, plus a net bond premium/less a net original issue discount of $_____________, less an Underwriter's discount of $____________), pursuant to an agreement entered into by and among the Authority, the Borrower and the Underwriter (the "Bond Purchase Agreement"). There will be no accrued interest.

The Borrower has agreed to indemnify the Underwriter and the Authority against certain liabilities. The obligation of the Underwriter to accept delivery of the Series 2019 Bonds is subject to various conditions of the Bond Purchase Agreement.

The Underwriter intends to offer the Series 2019 Bonds to the public initially at the offering prices or yields set forth on the inside cover page of this Official Statement, which prices or yields may change after the date of this Official Statement without any requirement or prior notice. The Underwriter reserves the right to join with dealers and other underwriters in the offering of the Series 2019 Bonds to the public. The Underwriter may offer and sell the Series 2019 Bonds to certain dealers at prices lower than (or yields higher than) the initial offering prices (or yields) stated on the inside cover page.

In connection with this offering, the Underwriter may effect certain transactions that stabilize the prices of the Series 2019 Bonds. Such transactions may consist of bids or purchases for the purposes of maintaining the prices of the Series 2019 Bonds.

SPECIAL RELATIONSHIPS

Ice Miller LLP serves as Bond Counsel and as special counsel to the Borrower.

MISCELLANEOUS

The foregoing summaries of the provisions of the Act, the Indenture, the Series 2019 Bonds, the Loan Agreement, the Series 2019 Note, and the Undertaking Agreement do not purport to be complete and are made subject to the detailed provisions thereof to which reference is hereby made. Copies of the above are available for inspection at the office of the Authority.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this offering document for purposes of, and as that term is defined in, SEC Rule 15c2-12.

The Borrower, represented by certain of its officers and administrative staff, has reviewed the information contained herein which relates to the Borrower and the Prior Projects; and the Borrower, acting through such officers and administrative staff, has approved all such information contained herein for use within this Official Statement.

During the initial offering period for the Series 2019 Bonds, copies of the Indenture and the Loan Agreement will be available for inspection at the office of the Authority, One North Capitol Avenue, Suite 900, Indianapolis, Indiana 46204. Following issuance of the Series 2019 Bonds, copies of such documents will be available for inspection at the designated corporate trust office of the Trustee.

The execution and delivery of this Official Statement has been duly authorized by the Borrower.

DEPAUW UNIVERSITY

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Robert R. Leonard, Vice President for Finance and Administration

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APPENDIX A

DEPAUW UNIVERSITY

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APPENDIX A

DEPAUW UNIVERSITY

GENERAL DESCRIPTION OF THE UNIVERSITY

DePauw University (the "***University***" or "***DePauw***") was founded in 1837 by a group of Methodists who recommended the establishment of a "college under good literary and moral regulations." The new school was named Indiana Asbury University in honor of Francis Asbury, a pioneer Methodist bishop. The current name of the University was adopted in 1884 in honor of Washington C. DePauw, a benefactor of the University. While the University maintains a relationship with the United Methodist Church, the Church is not responsible or liable in any way for the debts or obligations of the University.

DePauw is a selective liberal arts institution comprised of a College of Liberal Arts and a School of Music offering undergraduate degrees in the liberal arts and music to approximately 2,150 students. The academic program is enhanced by Winter Term, when students devote time to off-campus study and internships, innovative on-campus courses and projects of special interest. Recognized honor programs exist in environment, media, management, science and the liberal arts. DePauw is known for its extensive off-campus domestic and international study programs, its innovative information technology apprenticeship and associateship program, and its programs at the Janet Prindle Institute for Ethics.

Students for the fall 2018 semester came from 39 states, Puerto Rico, the Virgin Islands and 38 foreign nations to the University's campus in Greencastle, Indiana. Greencastle is a residential town roughly equidistant from Indianapolis and Terre Haute and from Bloomington and West Lafayette, with a population of approximately 10,000. Greencastle is situated 50 miles west of downtown Indianapolis, five miles from U.S. Highway 40, and seven miles from Interstate 70. It is approximately 40 miles from the Indianapolis International Airport.

DePauw has consistently been among the top ten smaller colleges and universities in the United States for sending students to study abroad, according to Open Doors 2018, the annual report on international education published by the Institute for International Education. Open Doors 2018 ranked DePauw seventh among the nation's four-year baccalaureate colleges for the number of students who receive credit for studying abroad.

DePauw is tied as the highest ranking Indiana liberal arts college on U.S. News' list of national liberal arts colleges for 2019. DePauw's national ranking in this category for 2019 was 56.

As of 2018, DePauw students have a 90% medical school acceptance rate and 80% law school acceptance rate, both of which are markedly above the national average.

GOVERNANCE

The University is governed by the Board of Trustees of DePauw University, currently consisting of 38 members. The by-laws of the University also provide for the election of life, honorary and advisory trustees, who are nonvoting members of the Board of Trustees.

Members of the Board of Trustees do not receive any compensation for their Board-related activities. As of the date of the Official Statement, the following individuals were members of the Board of Trustees:

ADMINISTRATION

D. Mark McCoy, Ph.D., President - Dr. McCoy was inaugurated as DePauw's 20th president in March 2016 and began his term on July 1, 2016. Prior to his inauguration, President McCoy served as dean of the DePauw University School of Music from 2011-2016. He commenced his employment at DePauw on July 18, 2011. As a conductor, Dr. McCoy has performed around the world with a 2005 debut at Carnegie Hall. He has composed a symphony, an opera, operettas, musicals, and many chamber works and is currently revising his novel, Curtain Music, concerning the relationship of Brahms and the Schumanns. With degrees from Shepherd College, the Peabody Conservatory of Johns Hopkins University and Texas Tech University, Dr. McCoy has taught at the primary, secondary, undergraduate and graduate levels.

On May 13, 2019 Dr. McCoy advised the University's Board of Trustees that he will conclude his service to DePauw at the close of the 2019-20 academic year. The Board accepted Dr. McCoy's resignation with regret. The Board has announced that it will conduct a comprehensive national search for DePauw's 21st President during the remaining year of Dr. McCoy's tenure. The Board has already begun to develop a full transition plan, and plans to coordinate closely with faculty, staff and student leadership.

Anne Harris, Ph.D., Vice President for Academic Affairs and Professor of Art and Art History - Dr. Harris started teaching at DePauw in the Art and Art History department and also in the Women's Studies and Honor Scholar programs on August 16, 1999. She was promoted to her current position on July 1, 2015. Her publications include "Stained Glass Window as Thing: Heidegger, the Shoemaker Panels, and the Commercial and Spiritual Economies of Chartres Cathedral in the 13th century" in the on-line journal Different Visions (2008); "Medieval Belief and Modern Secularity: Teaching the Middle Ages to Contemporary College Students" in

Literature Compass (2013); "Water and Wood: Eco-Materiality and Sacred Objects at the Chapel of Saint-Fiacre, Le Faouët (Brittany)," in Journal of Medieval and Early Modern Studies (2014); and "Oceanic Valuation," in Oceanic New York (2016). Dr. Harris received a Bachelor of Arts in Art History and Classical Languages from Agnes Scott College in 1991, and a Ph.D. in Art History from the University of Chicago in 1999.

Dr. Harris has been appointed Vice President for Academic Affairs and Dean of Grinnell College. She will start her new role at Grinnell on July 1, 2019. Dr. David Berque has been named the Interim Vice President for Academic Affairs at DePauw. Additional information on Dr. Berque can be found below.

David Berque, Ph.D., Interim Vice President for Academic Affairs and Professor of Computer Science - Dr. Berque holds a B.A. degree from Haverford College and M.S. and Ph.D. degrees from Rensselaer Polytechnic Institute. Dr. Berque began his tenure at DePauw on July 17, 1992. Prior to appointment to his current position (effective June 30, 2019), he served as Assistant Vice President for Student Academic Life, Dean of Academic Life, and Executive Director of the Hubbard Center. As a professor of computer science he has taught a wide range of computer science courses and has particular teaching and research interests related to human computer interaction and pen-based computing. Dr. Berque also teaches interdisciplinary courses related to design. He holds three United States patents and is the originator of a pen-based instructional technology software system that is the basis of the commercial system now known as DyKnow. Dr. Berque has also received more than $1.5 million in external grant funding including nine grants from the National Science Foundation.

Robert Leonard, B.A., Vice President for Finance and Administration - Mr. Leonard was appointed to his position at DePauw on June 1, 2017. Mr. Leonard has more than 30 years of diverse business experience including strategy, business development, finance and operations. He has served as a Partner with the big-four accounting firm KPMG and held executive positions (President, COO, CFO) with At-A-Glance Consumer Products, a leading publisher of pictorial calendars and posters. Mr. Leonard has also held executive management positions with two entrepreneurial, web-based, start-up companies (one he co-founded), and most recently, prior to joining DePauw, he served as a consultant to both C-suite executives and entrepreneurs. Mr. Leonard holds a bachelor's degree in accounting from Indiana University and has been previously certified (no longer practicing) as a public accountant and personal financial specialist.

Steven Setchell, B.A., Vice President for Development and Alumni Engagement - Mr. Setchell commenced employment with DePauw on August 26, 2002. He was appointed in April 2013 to lead an expansion of alumni involvement in the life and mission of DePauw, and was subsequently promoted twice, on November 1, 2017, and on July 1, 2018 to his current position. Mr. Setchell has served DePauw in admissions, annual giving, major gifts, corporate and foundation relations, and as campaign manager. He also chaired the University's 175th Anniversary Planning Committee. In addition to his time at DePauw, Mr. Setchell served three years as Associate Dean of Admission Operations at Ohio Wesleyan University. His civic engagements have included the Putnam County Community Foundation Board of Directors, where he chaired the Grants Committee, and the City of Greencastle Commission on

Sustainability. Mr. Setchell is nearing completion of a Master of Public Affairs degree at Indiana University.

Deedie Dowdle, M.S., Vice President for Communications and Marketing – Ms. Dowdle was appointed to her position at DePauw on August 28, 2017. Ms. Dowdle previously worked at Auburn University as well as Kennesaw State University and has more than 30 years of experience in marketing and communications in higher education, agencies, and private and public sector organizations. She has experience leading teams in branding, strategic planning, integrated marketing, public and media relations, advertising, web management, video production and crisis communications. She holds a bachelor's degree in public relations from the University of Alabama and a master's in professional writing from Kennesaw State University.

Alan Hill, M.S., Vice President for Student Academic Life and Dean of Experiential Learning - Mr. Hill began his career as a marketing representative for IBM, then worked at DePauw from 1987 to 1999 in several key administrative roles, including director of financial aid, dean of students and assistant to the provost. He served in his first vice president role at Alma College as the vice president for enrollment and student affairs. He then spent 15 years working at Franklin College, where he was vice president of enrollment and student affairs and later named vice president for enrollment and marketing. Prior to his return to DePauw in 2015, Mr. Hill most recently served as dean for professional development at Wabash College. Mr. Hill is a 1981 graduate of DePauw and earned a master's degree from the University in 1983.

Robert Andrews, M.B.A., Vice President for Enrollment Management – Mr. Andrews has led the admissions and financial aid efforts for the University as well as serving on the President's cabinet since June 2017. Mr. Andrews began his career working as a college baseball coach and administrator at his alma mater, Sacred Heart University in Fairfield, Connecticut, where he earned a B.S. in Business Administration. A native New Yorker, Mr. Andrews worked for Perimeter eSecurity, a SAAS provider of network security solutions for the banking and health care industries. Following a stint outside of higher education, Mr. Andrews joined the admissions staff at Stetson University in DeLand, Florida and served in numerous roles including the Director of Admissions. Before joining DePauw, Mr. Andrews spent two years as the Vice President and Dean of Enrollment Management at Westminster College in Fulton, Missouri. Mr. Andrews earned his Master's in Business Administration from Southern New Hampshire University in Manchester, New Hampshire in 2016.

Cindy Babington, Ph.D., Vice President of Strategic Initiatives – Dr. Babington commenced employment at DePauw on September 13, 1993. Dr. Babington has served at DePauw as the Director of Institutional Research, Dean of Students, Vice President for Student Life, and Vice President for Admission and Financial Aid. On July 1, 2016, she became the Chief of Staff for the new President of DePauw, Dr. Mark McCoy. Dr. Babington's background in institutional research, student life, admission and financial aid allows her to bring a unique perspective to the position. Dr. Babington earned her Bachelor's degree from Knox College and received a doctorate in kinesiology from Indiana University. Dr. Babington is retiring effective June 30, 2019. She will be assisting with the transition of her duties until December 31, 2019. Her position may or may not be filled as part of the University's overall restructuring efforts.

ACCREDITATION AND MEMBERSHIP

The University or specific degree programs are accredited by:

- North Central Association of Colleges and Schools
- University Senate of the United Methodist Church
- Committee on Professional Training of the American Chemical Society
- Indiana State Board of Education
- National Association of Schools of Music

ACADEMIC PROGRAMS

The University offers degree-granting programs at the undergraduate levels in Liberal Arts and Music as set forth below:

College or School	Degree(s) Offered
College of Liberal Arts	Bachelor of Arts
School of Music	Bachelor of Music, Bachelor of Musical Arts and Bachelor of Musical Education

The University's liberal arts curriculum is a traditional one with students completing three distribution groups, including arts and humanities, social science, and science and mathematics. The curriculum also includes a language requirement (at least two semesters); a Power, Privilege and Diversity course; and a Global Learning credit.

Students in the College of Liberal Arts may choose from 48 majors and among 52 minors offered through 20 academic departments, 12 interdisciplinary programs and the School of Music. Three different majors are offered through the School of Music. Students also may design, with the help of a small committee of faculty members, an interdisciplinary major. Eight to ten courses are required for a major, with four to five courses required for a minor. In the College of Liberal Arts, most courses represent one credit, and 31 credits are required for graduation.

There is growing interest at DePauw in its interdisciplinary majors and minors such as those in Africana Studies, Asian Studies, Film Studies, Global French Studies, Global Health, Italian Cultural Studies, Latin American and Caribbean Studies, Peace and Conflict Studies, Women's Studies and World Literature.

The University adopted a 4-1-4 academic calendar in 1972. This calendar provides for a one-month Winter Term, a period in January between traditional semesters when students can devote time to intensive and experiential learning through off-campus study courses, service courses and internships, innovative on-campus courses and independent projects of special interest. The Winter Term was designed to foster creativity and independence by providing room for more adventurous and experimental learning along with opportunities for new forms of collegiality among students and faculty members. Most recently, a May term was added to the calendar, allowing similar experiences to be scheduled just prior to summer break.

Pre-professional advising programs in law, medicine, and a 3-2 engineering program (which allows students to obtain a liberal arts degree at DePauw after three years and transfer to another school to earn an engineering degree after an additional two years), are examples of efforts to prepare students to enter the professions. Winter Term, as well as summer and semester-long (credit earning) internships developed as part of a faculty-guided learning plan, form a key feature of DePauw's unique combination of liberal arts education and preparation for life's work.

A centerpiece of the University's academic programs is the nationally recognized competency program which seeks to ensure that students are certified in three areas: writing, quantitative reasoning and oral communication. There are five honor scholar and fellows programs at DePauw which offer internships, research opportunities and independent study:

- The Media Fellows Program allows students interested in journalism, creative writing, and other forms of media to receive a strong liberal arts education, while at the same time participating in experiential opportunities offered by the Pulliam Center for Contemporary Media and related off-campus internships.

- The Management Fellows Program provides students interested in careers in business and management with an immersion in the liberal arts while offering co-curricular opportunities that will prepare students to enter the business world. A semester-long internship in a business or public service setting is a key feature of this program.

- The Science Research Fellows Program offers programs to students interested in pursuing careers in scientific research, including a semester-long off-campus internship in a research setting, a first-year seminar in scientific methodology, on-campus summer research after the first year and in subsequent summers, and a capstone course allowing students to synthesize their course work and field experience.

- The Environmental Fellows Program provides programs to students interested in environmental issues. These programs include a variety of keystone classes, co-curricular activities and hands-on practicum. Open to all majors, Environmental Fellows address issues relating to urgent matters facing this generation such as diminishing biodiversity, pollution, climate change and social justice issues.

- The Honor Scholar Program is open to students of all majors who show unusual promise for and commitment to liberal arts education. Honor Scholars take one interdisciplinary seminar in each of their first five semesters. During the last two semesters each honor scholar pursues independent work which culminates in an honors thesis.

DePauw was one of the first American institutions to develop off-campus study programs, both international and domestic, with its first international program dating prior to the Second World War. This tradition is today manifested in a continuing commitment, reflected by the fact that 96.5% of DePauw students study off-campus as part of their four-year education. The Institute of International Education's 2018 Open Doors Report ranks DePauw seventh among the nation's four-year baccalaureate colleges for the number of students who receive academic credit for studying abroad. DePauw offers a broad range of off-campus study sites, and most recently has sought to expand its international internship opportunities.

The off-campus study opportunities have been bolstered by increasingly diverse on-campus offerings. Studies in African history and culture; Asian religions, anthropology, literature, and culture; and Middle East and Chinese history are but a few of the offerings which create a greater international emphasis in the curriculum. The University also offers a broad range of modern language courses, including studies in Chinese, French, German, Italian, Japanese and Spanish.

For the 2018-19 academic year the University had a student/faculty ratio of 9:1 and an overall class size average of 16 students.

FACILITIES

DePauw's campus is recognized as being both beautiful and well-maintained. The campus consists of 36 major buildings located on 175 acres, plus a nearby 520-acre nature park. The centerpiece of the campus is historic East College built in 1887 and listed on the Register of Historic Landmarks.

Major recent campus additions or improvements include:

- **Emison University Residences:** full restoration of the property at 429 Anderson Street and modest restorations and renovations at 427, 429 and 431 Anderson Street; properties are used as residences for students, faculty and special guests (2014)

- **Ubben Quadrangle:** renovation of sidewalks, utility infrastructure, trees, plant materials, lighting and lawn area in the space between Mason Hall and Lucy Rowland Hall (2014)

- **Athletic Campus:** renovation of previous athletic facilities to include a new facility for track and field events (javelin, hammer, discus and shot put) constructed on the western edge of the athletic campus, the creation of runs and jumps via the demolition of visitor's stands, a new multisport stadium with synthetic turf (Reavis Stadium) and a new parking lot to the east of Reavis Stadium (2014)

- **Lilly Center:** expansion and renovation of previous building into a 16,000 square foot fitness center acting as the primary fitness facility for the University; improvements included three new multipurpose rooms, a raised and replaced roof (to allow for future growth of the facility) and renovation of the underutilized racquetball courts that more than doubled the space for the Department of Kinesiology (2014)

- **Hubbard Center for Student Engagement:** renovation to the Student Union Building to expand growth of off-campus study, internships, Winter Term programs, career planning and paraprofessional and graduate school preparation (2016)

- **Hoover Hall:** construction of a new, primary dining space for first-year students and upper-class students residing in University housing that accommodates more than 1,000 DePauw students daily (2016)

- **East College Lawn:** renewal of entire lawn area and walkways stretching from Holton Memorial Quadrangle in the west to Locust Street in the east, and from Seminary Street on the north to Hannah Street on the south (2016)

- **Stewart Plaza:** the creation of a centralized walkway to the core of campus and a modern outdoor area to host events and gatherings (2017)

- **Center for Diversity and Inclusion:** construction of a new two-story facility that creates a central University gathering space for The Association of African American Students and The Dorothy Brown Cultural Resource Center (2017)

- **The Bottoms Alumni and Development Center:** a renovation of the former Sigma Nu fraternity to be utilized as a central University office space for the offices of Alumni Engagement and Development and as a welcome center for visiting alumni (2018)

- **Closing of College Street:** (2018)

- **Renovations to four residence halls:** Bloomington Street, Longden Hall, Bishop Roberts Hall, Hogate Hall (2018)

FACULTY AND STAFF

General:

The full-time equivalent faculty of the University for the 2018-19 academic year is comprised of 231 (full time equivalent) professors, associate professors, assistant professors, and instructors. Of the 218 full-time faculty members, 76% have tenure and an additional 12% are on probationary tenure-track appointment, while 99% have earned the highest degree available in the field.

There are approximately 423 non-faculty full-time employees of the University, including administrators and support staff.

There are no unions representing the University's employees.

Faculty salaries are among the highest in the 12-college Great Lakes Colleges Association, ranking 4th for Assistant Professor, Associate Professor and Professor.

The University offers retirement benefits for its employees through Teachers Insurance and Annuity Association, VALIC, American Century Investors, Inc., and Fidelity Investments. If employees contribute 5% of their base salary to the retirement program, DePauw contributes 8% of each employee's base salary. The University is current in its obligations to the various retirement programs. The University's contribution to these plans amounted to $3,208,083 and $3,133,924 for the years ended June 30, 2017 and 2018, respectively.

Vote of No Confidence:

In November 2018 the DePauw faculty conducted a vote of no confidence in President McCoy. Seventy-seven percent of DePauw's 266 faculty members voted, with the tally 83 votes in favor, 59 against and 64 abstentions. Accordingly, 31% of the faculty voted in favor. The faculty vote was advisory only. Issues raised by the faculty included an increase in faculty contributions for health benefits, faculty pay increases, the number of University administrators, and concerns about potential faculty downsizing. DePauw's Board of Trustees promptly responded to the vote with a letter expressing the Board's full support and continued confidence in Dr. McCoy.

Workforce Restructuring:

On February 26, 2019 DePauw announced an initiative to reduce its staff and administrative workforce and to incentivize early retirements among faculty. This announcement was the culmination of a systematic review and benchmarking process conducted by the University's Board of Trustees over the preceding months, designed to compare DePauw to similar peer institutions nationwide who operate with a balanced operating budget or a surplus. The Board's review made it clear that DePauw has significantly more employees (125 more, on average) than its similarly sized aspirational peers. The University therefore announced a restructuring plan, which calls for the elimination of 56 full-time administrative and staff positions (15 of which are already vacant) and 17 part-time administrative and staff positions (2 of which are already vacant). The University is offering substantial separation packages to affected employees, above the industry norm, as well as lengthy transition periods and support and outplacement resources. In addition, the University announced a voluntary retirement incentive program for faculty, together with changes to faculty expectations regarding sabbaticals and winter term. The University is not eliminating any academic programs or any faculty positions as part of this initiative; however, the University does anticipate that a meaningful number of current faculty members may choose to take advantage of the early retirement opportunity. These initiatives, in combination, are intended to reduce the University's workforce to a level commensurate with DePauw's aspirational peers, in order to facilitate the Board's goal of achieving balanced operating budgets. The Board has authorized a one-time draw (estimated at no more than $8 million) from unrestricted endowment funds to finance this workforce restructuring.

ENROLLMENT

The competition for the traditional 18-22 year-old student population with strong academic credentials and a commitment to arts and sciences education is stronger than ever. In order to compete for the quality and numbers of students that DePauw desires, the University has taken a number of steps to further enhance and solidify its competitive position with respect to enrollment and financial aid, at the same time maintaining a strong financial position. These include:

- The University is carrying out a comprehensive initiative known as *The Campaign for DePauw*. As part of this $300 million campaign the University seeks to raise at least $100 million in support of student access and financial aid. As of January 31, 2019 $91 million had already been raised. With these funds, the University created the DePauw Trust in order to increase the accessibility of DePauw to a significantly greater number of students with financial need.

- The University created a Vice President for Communications and Marketing position in 2017 and hired Deedie Dowdle for that position. She has more than 30 years of experience in marketing and communications in higher education, agencies, and private and public sector organizations. The University also hired a new Vice President for Enrollment Management in 2017. Robert Andrews brings experience from Westminster College, Stetson University, and the private sector. Please see the bios for Ms. Dowdle and Mr. Andrews for additional information.

- DePauw Gold Commitment: Beginning with students graduating in spring of 2022, the University guarantees that students graduating in "good standing" within four years will obtain a job or be accepted into graduate school. If not, the students can return for a fall or spring term, tuition-free, to further hone their skills, or the University will secure for them a professional, entry-level position for a minimum of six months.

The following table shows the full and part-time head-count and full-time equivalent enrollment at the University during the fall semester of each of the last five years:

Enrollment

Academic Year – Fall Semester

	2018-19	2017-18	2016-17	2015-16	2014-15
Full-Time Students	2,138	2,140	2,190	2,229	2,186
Part-Time Students	18	18	35	36	30
Total Head Count	2,156	2,158	2,225	2,265	2,216
Full-Time Equivalent*	2,144	2,146	2,202	2,241	2,196

* Full-time students plus one-third of part-time students.

The fall 2018 student body was comprised of students from 39 states, Puerto Rico, the Virgin Islands and 38 foreign nations. The state with the largest percentage of the student body was Indiana (38%).

The University's success in attracting students of color is reflected in the fact that 21% of the fall 2018 entering class was comprised of domestic students of color.

Ninety-one percent of the entering freshmen students in the fall of 2017 returned to the University in the fall of 2018. In each of the last three years, the University's four-year and five-year graduation rates exceeded 80%.

The following table shows the percentage of students who were enrolled as freshmen and returned for their sophomore year:

Cohort Retention Rate (Freshman to Sophomore Year)

Fall 2018	Fall 2017	Fall 2016	Fall 2015	Fall 2014
91%	89%	92%	94%	93%

The following table shows the percentage of students who enter the University and graduate within four years:

Four-Year Cohort Graduation Rates

2015-16 to 2018-19	2014-15 to 2017-18	2013-14 to 2016-17	2012-13 to 2015-16	2011-12 to 2014-15
83%	80%	81%	76%	78%

STUDENT ADMISSIONS

The following table sets forth information regarding applications, admissions, and enrollments for the last five years:

Freshman Admission Information
(Fall of Year Shown)

	2019 (YTD)[2]	2018	2017	2016	2015	2014
Completed Applications	4,981	5,485	5,174	4,831	5,185	5,304
Number of Students Accepted	3,198	3,439	3,480	3,159	3,357	3,002
Selectivity: Number of Students Accepted as Percent of Applicants	64%	63%	67%	65%	65%	57%
Number of Students Enrolled	453	564	595	559	596	514
Matriculation: Number of Students Enrolled as Percent of Acceptances	14%	16%	17%	18%	18%	17%
Percent of Enrolled Students in Top 10% of High School Class	N/A	45%	40%	45%	41%	48%
Median Combined SAT Scores of Enrolled Class[1]	1,240	1,230	1,210	1,165	1,180	1,190
Median ACT Scores of Enrolled Class	27	27	26	26	27	26

[1] Scores do not include the writing component of the SAT.
[2] As of June 5, 2019

The University anticipates that Fall 2019 freshmen enrollment will be approximately 450 students, down approximately 20% from the prior year. DePauw is building the corresponding revenue decline into its budget for the Fiscal Year ending June 30, 2020. That budget will not be approved until Fall 2019 when enrollment for the academic year 2019-20 is firmly established. The decline in net tuition revenue, fees, room, and board will roughly offset expected operating improvements from the University's workforce restructuring in the Fiscal Year ending June 30, 2020. DePauw's management has arranged for third party surveys of its applicants and admitted students, along with audits of its enrollment processes and procedures, in an effort to diagnose the particular challenges experienced in recruiting and enrolling the Fall 2019 freshman class. The firms retained include Hanover Research and The Registry.

TUITION AND FEES

The following table shows the annual tuition and room and board charges for a full-time student for the upcoming academic year and the prior four academic years.

Student Charges

Year	Tuition	Fees	Room and Board	Total
2019-20	$50,278	$868	$13,400	$64,546
2018-19	48,860	844	13,020	62,724
2017-18	47,026	812	12,529	60,367
2016-17	45,660	788	12,240	58,688
2015-16	43,950	728	11,700	56,378
2014-15	42,050	696	11,200	53,946

For 2018-19 DePauw ranks 8th highest in the cost of tuition, fees and room and board among the 28 Great Lakes Colleges Association (GLCA) and Associated Colleges of the Midwest (ACM) schools. The highest tuition, fees and room and board charges for GLCA schools this year totals $71,440, with the lowest cost being $44,320. Eight schools in the GLCA alone and twenty schools in the GLCA and ACM have charges totaling less than DePauw.

Student Charges Among Selected Peer Institutions

GLCA, ACM, and IN Schools	Tuition	Room & Board	Fees	2018-19 Total
Oberlin College	$54,346	$16,338	$ 756	$71,440
Carleton College	$54,438	$14,085	$ 321	$68,844
Kenyon College	$53,830	$12,510	$2,100	$68,440
Colorado College	$54,996	$12,512	$ 474	$67,982
Macalester College	$54,114	$12,156	$ 230	$66,500
Denison University	$50,790	$12,710	$1,170	$64,670
Grinnell College	$51,924	$11,810	$ 468	$64,202
DePauw University	$48,860	$13,020	$ 844	$62,724
The College of Wooster	$50,250	$11,850	$ -	$62,100
Allegheny College	$47,040	$12,140	$2,124	$61,304
Beloit College	$49,564	$ 8,830	$ 476	$58,870
St. Olaf College	$47,840	$10,850	$ -	$58,690
Kalamazoo College	$48,162	$ 9,756	$ 354	$58,272
Ohio Wesleyan University	$45,500	$12,430	$ 260	$58,190
Albion College	$45,070	$12,380	$ 520	$57,970
Lawrence University	$47,175	$10,341	$ 300	$57,816
Lake Forest College	$46,320	$10,390	$ 744	$57,454
Earlham College	$45,500	$10,400	$ 950	$56,850
Knox College	$45,783	$ 9,870	$ 771	$56,424
Coe College	$43,700	$ 9,480	$ 350	$53,530
Wabash College	$42,800	$ 9,800	$ 850	$53,450
Ripon College	$43,508	$ 8,400	$ 300	$52,208
Monmouth College	$37,438	$13,981	$ 700	$52,119
Luther College	$41,950	$ 9,460	$ 340	$51,750
Cornell College	$41,874	$ 9,384	$ 425	$51,683
Hanover College	$36,900	$11,580	$1,120	$49,600
Antioch College	$34,568	$11,460	$1,000	$47,028
Hope College	$33,700	$10,310	$ 310	$44,320
Indiana Comps -not GLCA or ACM				
Butler University	$40,160	$13,830	$ 960	$54,950
Marian University	$34,000	$10,640	$ -	$44,640
Indiana University - Resident	$10,680	$10,466	$ -	$21,146
Indiana University - Nonresident	$35,456	$10,466	$ -	$45,922
Purdue University - Resident	$10,002	$10,030	$ -	$20,032
Purdue University - Nonresident*	$28,804	$10,030	$ -	$38,834

*International Tuition is higher at $31,084. Some programs have additional fees for all students.

Tuition is due one week prior to registration for each semester, unless the student elects a deferred payment plan, under which interest is charged on the unpaid balance. Approximately 20% of the students participate in some form of tuition payment program at the University. Course registration, transcripts and diplomas are withheld in the case of a student who has any unpaid obligations to the University.

ATHLETICS

A member of the NCAA Division III, North Coast Athletic Conference, DePauw competes in 11 men's and 11 women's sports.

Men's	Women's
Baseball	Basketball
Basketball	Cross-country
Cross-country	Field Hockey
Football	Golf
Golf	Lacrosse
Lacrosse	Soccer
Soccer	Softball
Swimming & Diving	Swimming & Diving
Tennis	Tennis
Track & Field	Track & Field
Wrestling	Volleyball

FINANCIAL AID TO STUDENTS

The financial aid table below estimates the total amount of financial aid committed to students based on fall enrollments in each of the indicated fiscal years and differs from the actual amounts awarded. Some categories of awards flow directly to students and are not reflected in the Financial Statements of the University. Other statistics follow.

Financial Aid

	2018-19	2017-18	2016-17	2015-16	2014-15
University Funds (Scholarships/Grants)					
Unfunded	$46,949,897	$46,258,246	$36,995,604	$35,632,857	$32,239,990
Funded (Endowed Awards)	15,666,756	14,867,705	18,982,305	18,343,799	17,638,268
State Awards	1,138,494	1,353,970	895,204	925,452	960,193
Pell Grant (Federal)	1,831,287	1,900,017	1,828,884	1,749,625	1,816,315
Supplemental Educational Opportunity Grant (Federal)	304,799	368,800	315,330	320,706	300,986
ACG & SMART (Federal)	-	-	-	-	-
Private Scholarships & Grants (Outside)	3,465,766	3,224,289	3,152,338	2,898,412	2,703,513
Employment	1,351,169	1,239,044	1,283,089	1,258,897	1,258,241
Perkins Loan Fund	-	851,606	936,705	819,986	762,342
DePauw Loan Funds	951,400	317,000	236,500	138,200	134,060
Federal Stafford Student Loan Funds	5,784,882	6,365,191	6,365,191	6,181,168	5,948,201
TOTAL	**$77,444,450**	**$76,745,868**	**$70,991,150**	**$68,269,102**	**$63,762,109**
Percentage of student body receiving financial aid	99%	98%	98%	98%	97%
Number of students receiving scholarships/grants	2,115	2,119	2,164	2,207	2,138
Number of students receiving loans	1,307	1,320	1,061	998	896

STUDENT HOUSING

University residential housing facilities include 16 residence hall buildings with a total system capacity of 1,064 students for the 2018-19 academic year. In addition, there was space available for another 386 students in other University-owned apartment units for the 2018-19 academic year. Fraternity and sorority houses provide living space for an additional 797 students. Approximately 76 students study off-campus each semester and do not need campus housing. All first-year students are required to live in one of five residence halls (freshmen are not permitted to live in Rector Village), and all other students (with limited exceptions) are required to live either in University housing units or in a fraternity or sorority house. The number of students living in University residential units, the percentage they represent of total enrollment, and the occupancy rates of the residence halls for the last five academic years are found in the following table:

	Students in University Housing				
	2018-19	2017-18	2016-17	2015-16	2014-15
Number of Students	1,273	1,286	1,312	1,338	1,243
Percentage of Student Body	59%	60%	59%	59%	56%
Occupancy Rate[1]	88%	89%	90%	92%	86%

[1] Based on the total occupancy for 2018-19 of 1,450 spaces. Total occupancy in prior years may have varied slightly.

Proceeds of the Series 2018 Bond are being used to fund construction of a new first-year residence hall in the South Quad. The University's master plan calls for building up to four new residence halls for first-year students in the South Quad, although timing and funding for the other three facilities have not yet been determined. Existing residence halls, most notably Hogate Hall, will be taken offline as these projects are completed. The University does not intend to increase total housing capacity but rather to consolidate and enhance the residence hall space for first-year students.

OUTSTANDING INDEBTEDNESS

At the date hereof, the University had $132,410,000 of outstanding indebtedness as set forth in the following table:

Series	Amount Outstanding	Final Maturity Date
2008A	$41,155,000	July 1, 2036
2009A[1]	29,845,000	July 1, 2039
2009B[1]	8,245,000	July 1, 2039
2014	32,360,000	July 1, 2041
2015	14,105,000	July 1, 2045
2018	6,700,000	April 30, 2048

[1] To be refunded by the Series 2019 Bonds.

On April 15, 2008, the Indiana Finance Authority issued $42,225,000 of Variable Rate Demand Educational Facilities Revenue Bonds, Series 2008A and $42,330,000 of Variable Rate Demand Rate Educational Facilities Revenue Bonds, Series 2008B. The funds were loaned to the University for the purposes of (i) financing the current refunding of the Indiana Finance Authority Adjustable Rate Educational Facilities Revenue Bonds, Series 2006 totaling $83,850,000, (ii) obtaining letters of credit, and (iii) paying certain costs of issuance. On December 1, 2009, a portion ($8,810,000 in principal amount) of the outstanding Series 2008B Bonds was refunded. The remainder of the Series 2008B Bonds was refunded in whole with the Series 2014 Bonds ($32,160,000 in principal amount).

The 2008A Bonds remain outstanding. The letter of credit supporting the Series 2008A Bonds was replaced on a substitution date of May 1, 2019 by an irrevocable, transferrable direct pay letter of credit issued by BMO Harris Bank N.A.

The 2008A Bonds mature on July 1, 2036 and bear interest in one of several different adjustable interest rate modes (which consist of daily, weekly or long-term) or at a fixed interest rate, depending on the University's election. At June 30, 2018 and 2017, the Series 2008A Bonds were in a weekly interest rate mode, and interest was stated at 1.48% and 0.9%, respectively. The 2008A Bonds are secured by an irrevocable letter of credit which was issued for $41,736,808 on May 1, 2019, representing the principal of the Series 2008A Bonds plus 43 days of accrued interest at the cap interest rate of 12%. The letter of credit expires on July 1, 2024. Should the University draw on the letter of credit repayment of such amounts would be due on the earliest of (i) the date on which the Series 2008A Bonds are redeemed or cancelled; (ii) the date on which the Series 2008A Bonds are remarketed pursuant to the trust indenture; (iii) the date on which the letter of credit is replaced by a substitute letter of credit pursuant to the trust indenture; (iv) the stated expiration date of the letter of credit; or (v) repaid in four substantially equal quarterly principal payments with first principal payment due on the 367th day after the liquidity draw. The University would also be required to pay interest on the unpaid principal amount drawn on the letter of credit at a rate equal to the prime rate for the first 180 days and the prime rate plus 2% on the 181st day until the principal amount drawn has been repaid. Principal outstanding on the Series 2008A Bonds as of June 30, 2018 and 2017 was $41,265,000.

On December 1, 2009, the Indiana Finance Authority issued $29,845,000 of Educational Facilities Revenue Bonds, Series 2009A and $15,155,000 of Educational Facilities Revenue Bonds, Series 2009B. The funds were loaned to the University for the purposes of financing (i) the current refunding of the Indiana Educational Facilities Authority Educational Facilities Revenue Bonds, Series 1999 totaling $14,440,000, (ii) payment in full of a Northern Trust line of credit, (iii) the current refunding of a portion ($8,810,000 in principal amount) of the Series 2008B Bonds, and (iv) certain costs of issuance.

The Series 2009A Bonds mature on July 1, 2039 and are subject to optional redemption on July 1, 2019. The 2009A Bonds bear interest at a fixed interest rate of 5.5% on $24,845,000 in principal amount and 5.75% on $5,000,000 in principal amount. The Series 2009B Bonds mature on July 1, 2022 and are subject to optional redemption on July 1, 2019. The Series 2009B Bonds bear interest at fixed interest rates of between 4.0% and 4.75% based upon the maturity. Proceeds of the Series 2019 Bonds will be used to finance the current refunding in whole of the Series 2009A Bonds and the Series 2009B Bonds.

On March 15, 2014, the Indiana Finance Authority issued $32,500,000 of its Educational Facilities Revenue Refunding Bond, Series 2014, via a Bond Purchase and Loan Agreement among the Authority, the University and PNC Bank, National Association. The funds were loaned to the University for the purposes of (i) financing the current refunding of the Series 2008B Bonds ($32,160,000 in principal amount), and (ii) paying certain costs of issuance.

The Series 2014 Bond matures on July 1, 2041 and is subject to prior redemption. The initial Bank Purchase Mode Term expires on July 1, 2019. Upon expiration, the University may elect to convert the Series 2014 Bond to a new Mode (with weekly or flexible interest rate periods), a new Bank Purchase Mode Term (but not beyond the Maturity Date), or the Series 2014 Bond shall be subject to mandatory tender for purchase. The decision as to whether the Series 2014 Bond is converted to a new Bank Purchase Mode or a new Mode is the sole decision of the University, subject to agreement by the Bank on the duration and interest rate for a new Bank Purchase Mode Term. The current plan being effectuated by the University and the Bank contemplates a new Bank Purchase Mode Term extending from July 1, 2019 through July 1, 2024.

The Series 2014 Bond bears interest during the initial Bank Purchase Mode Term (through July 1, 2019) at a variable bank rate equal to the sum of 70% of the one month LIBOR rate, plus 55 basis points. At June 30, 2018 and 2017, the interest rate on the Series 2014 Bond was stated at 1.95% and 1.41%, respectively. Principal outstanding on the Series 2014 Bond as of June 30, 2018 and 2017 was $32,500,000. The new interest rate during the new Bank Purchase Mode Term (extending from July 1, 2019 through July 1, 2024) is expected to be a variable bank rate equal to the sum of .79 times the one month LIBOR Rate, plus 69 basis points.

This rate alteration will result in treatment of the Series 2014 Bond as being reissued on July 1, 2019.

On July 30, 2015, the Indiana Finance Authority issued $15,115,000 of its Educational Facilities Revenue Bond, Series 2015, via a Bond Purchase and Loan Agreement among the Authority, the University and PNC Bank, National Association. The funds were loaned to the University for the purposes of (i) constructing and renovating various educational facilities, and (ii) paying certain costs of issuance.

The Series 2015 Bond matures on July 1, 2045 and is subject to prior redemption. The initial Bank Purchase Mode Term expires on July 1, 2025. Upon expiration, the University may elect to convert the Series 2015 Bond to a new Mode (with weekly or flexible interest rate periods), a new Bank Purchase Mode Term (but not beyond the Maturity Date), or the Series 2015 Bond shall be subject to mandatory tender for purchase. The decision as to whether the Series 2015 Bond is converted to a new Bank Purchase Mode or a new Mode is the sole decision of the University, subject to agreement by the Bank on the duration and interest rate for a new Bank Purchase Mode Term.

The Series 2015 Bond bears interest during the initial Bank Purchase Mode Term at a fixed bank rate of 2.77%. Principal outstanding on the Series 2015 Bond as of June 30, 2018 and 2017 was $14,450,000 and $14,785,000, respectively.

On April 30, 2018, the Indiana Finance Authority issued $40,000,000 of its Educational Facilities Revenue Bond, Series 2018, via a Bond Purchase and Loan Agreement among the Authority, the University and BMO Harris Investment Company LLC. The funds were loaned to the University for the purposes of (i) constructing and renovating various facilities, and (ii) paying certain costs of issuance.

The Series 2018 Bond matures on April 30, 2048 and is subject to prior redemption. The initial Bank Purchase Mode Term expires on May 1, 2028. Upon expiration, the University may elect to convert the Series 2018 Bond to a new Mode (with weekly or flexible interest rate periods), a new Bank Purchase Mode Term (but not beyond the Maturity Date), or the Series 2018 Bond shall be subject to mandatory tender for purchase. The decision as to whether the Series 2018 Bond is converted to a new Bank Purchase Mode or a new Mode is the sole decision of the University, subject to agreement by the Bank on the duration and interest rate for a new Bank Purchase Mode Term.

The Series 2018 Bond bears interest during the initial Bank Purchase Mode Term at a variable bank rate equal to the sum of 81% of the one month LIBOR rate, plus 93 basis points. The Series 2018 Bond is a draw-down loan, allowing multiple draws before April 29, 2021. Principal outstanding on the Series 2018 Bond as of June 30, 2018 was $2,000,000, with $6,700,000 outstanding as of the date hereof. During the draw period, an unused commitment fee of 10 basis points per annum is payable quarterly in arrears. At June 30, 2018, the interest rate on the Series 2018 Bond was stated at 2.54%.

The University's outstanding bond issuances are all subject to certain covenants, primarily a financial covenant viability ratio with which the University has reported compliance.

The viability ratio requires the University to maintain a ratio of expendable net assets to long-term debt equal to at least 1.2 to 1.0, measured each year at the June 30 Fiscal Year end. At June 30, 2018 the University's viability ratio was 2.46 to 1.0.

Utilization of Derivatives Markets

The University utilizes the derivatives markets (including swaps) to manage its exposure to interest rate fluctuations.

As a strategy to maintain acceptable levels of exposure to the risk of interest rate fluctuations, the University entered into an interest rate swap agreement in January 2002 (the "2002 Swap"). The 2002 Swap has been designated as a cash flow hedge of long-term debt and provides for the University to receive interest from the counterparty at 68% of one-month LIBOR and to pay interest to the counterparty at a fixed rate of 4.24%. The notional amount was $43,000,000 at June 30, 2018 and 2017. The average rate received during 2018 and 2017 was 1.06% and 0.52%, respectively, while the interest rate paid was 4.24%. Total interest paid during 2018 and 2017 was $1,374,938 and $1,606,352, respectively, and was allocated to various expenses by function on the University's statement of activities. The 2002 Swap matures in 2032.

In February 2006, the University entered into a second outstanding interest rate swap agreement (the "2006 Swap"). The 2006 Swap has been designated as a cash flow hedge of long-term debt and provides for the University to receive interest from the counterparty at 70% of one-month LIBOR and to pay interest to the counterparty at a fixed rate of 3.59%. The notional amount was $10,625,000 at June 30, 2018 and 2017. The average rate received during 2018 and 2017 was 1.09% and 0.53%, respectively, while the interest rate paid was 3.59%. Total interest paid during 2018 and 2017 was $253,615 and $328,965, respectively, and was allocated to various expenses by function on the University's statement of activities. The 2006 Swap matures in 2036.

In April 2018, the University entered into a third outstanding interest rate swap agreement (the "2018 Swap"). The 2018 Swap has been designated as a cash flow hedge of long-term debt and provides for the University to receive interest from the counterparty at 81% of one-month LIBOR and to pay interest to the counterparty at a fixed rate of 2.44% on a notional amount of $2,000,000 at June 30, 2018. The average rate received during 2018 was 1.68%, while the interest rate paid was 2.44%. Total interest paid during 2018 was $1,601 and is allocated to various expenses by function on the statement of activities. The expected fair value of the 2018 Swap is expected to increase as the notional amount accretes to $6,700,000 by June 30, 2019. The 2018 Swap matures in 2048.

Under these swap agreements, the University pays or receives the net interest amount monthly, with the monthly settlements included in interest expense. The agreements are recorded at fair value with subsequent changes in fair value included in the change in net assets in the University's statement of activities. The valuation of the three outstanding interest rate swaps at June 30, 2018 resulted in a liability of $13,310,013.

Each of the three outstanding interest rate swap agreements can be terminated by the counterparty if the University's credit ratings fall below BBB-/Baa3 by S&P or Moody's, respectively. The 2018 Swap also can be terminated by the counterparty in the event BMO Harris Investment Company LLC is no longer the holder of the Series 2018 Bond.

The 2002 Swap, the 2006 Swap and the 2018 Swap all require the Borrower to post collateral if the University's credit ratings fall below certain thresholds. The 2002 Swap requires the University to post collateral if the mark-to-market ("M2M") value of the 2002 Swap exceeds $2,000,000 and the Borrower's credit ratings fall to BBB-/Baa3 or below. The 2006 Swap requires the University to post collateral if the M2M value of the 2006 Swap exceeds $5,000,000 at Borrower credit ratings of A-/A3. The 2006 Swap also requires the University to post collateral if the M2M value of the 2006 Swap exceeds $0 and the Borrower's credit ratings fall to BBB+/Baa1 or below. The 2018 Swap requires the University to post collateral if the M2M value of the 2018 Swap exceeds $4,000,000 and the Borrower's credit ratings fall to BBB+/Baa1; if the M2M value of the 2018 Swap exceeds $2,000,000 and the Borrower's credit ratings fall to BBB/Baa2; and if the M2M value of the 2018 Swap exceeds $1,000,000 and the Borrower's credit ratings fall to BBB-/Baa3 or below.

The table below summarizes current information regarding the University's three outstanding interest rate swap agreements.

Original Date	Initial Notional Amount	Maturity	Interest Rate Paid	Interest Rate Received	Counterparty
2002	$43,000,000.00	2032	4.24%	68% 1 Month LIBOR	Bank of America
2006	10,625,000.00	2036	3.59%	70% 1 Month LIBOR	JP Morgan Chase
2018	2,000,000.00	2048	2.44%	81% 1 Month LIBOR	BMO Harris

ENDOWMENT

The University's endowment consists of approximately 1,000 individual funds established for a variety of purposes. The University considers its endowed assets to include donor restricted, Board designated and various other assets, such as marketable securities, perpetual trusts held by others, cash surrender value of expected life insurance proceeds, selected fixed assets and certain notes receivable. Donor restricted endowment funds are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and only the income, or formulaic representation of income, be utilized. While the Board designated endowment funds have been established by the Board of Trustees for the same purposes as donor restricted funds, any portion of these funds may be expended upon proper action by the Board. Endowment income and net gain on sale of securities are distributed by a unitized method in compliance with appropriate restrictions. The University is also an income beneficiary of separate trusts which are administered by others, and over which the University has no control.

As required by GAAP, net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions. The University's governing body has interpreted the State of Indiana Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by SPMIFA.

In addition, the endowment includes permanently restricted pledges receivable, which totaled $62,353,745 and $43,955,973 for 2018 and 2017, respectively, and beneficial interests in perpetual trusts, which totaled $10,793,901 and $10,467,203 for 2018 and 2017, respectively. These assets are not legally subject to SPMIFA as the University does not hold them in the form of cash.

In accordance with SPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the University and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the University
7. Investment policies of the University

The following table shows the market value of the endowment fund and trusts administered by others for the fiscal years ended June 30, 2014-2018.

Fiscal Year Ended June 30	Endowment Fund	Trusts Administered by Others	Total Endowment Resources
2018	$719,937,493	$10,793,901	$730,731,394
2017	658,671,944	10,467,203	669,139,147
2016	604,940,747	10,015,196	614,955,943
2015	632,882,101	10,904,530	643,786,631
2014	616,055,825	11,690,423	627,746,248

The University holds annuity, life income and charitable trust funds. The annuity funds represent gifts to DePauw subject to the payment of annuities to the donor and/or named beneficiaries. The present value of the aggregate liability for annuities payable based upon life expectancy tables is included as a liability in the University's financial statements. The University's interest in life income and charitable trust funds is subject to life income interests and similar arrangements with donors. On satisfaction of the particular obligations, the principal balance of the respective fund is transferred to the fund group designated by the donor. From June 30, 2014 through June 30, 2018, the market value of the assets in this group of funds, which will be available to settle the liabilities to the donors and/or named beneficiaries, was as follows:

Annuity, Life Income and Charitable Trust Funds

Fiscal Year Ended June 30	Market Value
2018	$27,001,433
2017	26,595,640
2016	26,874,722
2015	28,137,790
2014	28,489,242

The Investment Committee of the Board of Trustees is responsible for establishing and monitoring investment policies—considering both potential return and associated risk—in the context of the overall strategic goals and initiatives of the University. In May 2013, the Investment Committee delegated to its outsourced Chief Investment Officer, CornerStone Partners (CornerStone), responsibility for managing the University's endowment in accordance with the University's Statement of Investment Objectives and Policies. The Investments Committee oversees CornerStone's activities. CornerStone employees work with DePauw staff on policy implementation and day-to-day endowment operations.

The DePauw endowment is invested with the principle that attractive long-term investment returns are best generated through a consistent investment philosophy, team and process. The CornerStone team has several core investment principles that guide their approach to managing DePauw's endowment.

- Maintain a long-term investment horizon.
- Seek to add value through external manager selection, asset allocation, and opportunistic tilts to specific investment themes.
- Pursue a patient, value-oriented approach toward managing the endowment's capital.
- Create value through the quality of people hired, both internally as well as external managers.

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Under the University's policies, endowment assets are invested in a manner that is intended to produce results that earn an average annual total return, net of all fees and expenses over a rolling five-year period, equal to the spending rate plus inflation. The University's goal is for its endowment funds to provide an average rate of return of approximately 8% annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the University relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The University targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Achieving prudent portfolio diversification and maintaining adequate liquidity are critical to managing risk and reaching the endowment's investment objectives. The endowment is well diversified across managers and strategies, with a portfolio breakdown that is shown below as of March 31, 2019:

Public Equity	34%
Private Equity	16%
Bonds & Cash	13%
Real Estate	3%
Resources	6%
Long/Short Equity	17%
Credit/Opportunity	11%

Investment decisions, as deemed appropriate in light of the established guidelines and objectives, are made at the discretion of the investment managers. The Investment Committee is committed to an active policy of reviewing performance of its investment managers, replacing managers and/or reallocating funds among the managers as performance warrants.

For the fiscal year ended June 30, 2018, the University had a total return of 12.4% on its combined managed endowment funds. These total return statistics are based on the performance of the managed endowment as reported by CornerStone.

The University has a policy (the spending policy) of appropriating for expenditure each year a percentage of its endowment fund's average fair value over the previous 12 quarters, ranging from 4.5% to 6.0% with a goal of 5.5%. In establishing this policy, the University considered its long-term goal for returns on its endowment. Accordingly, over the long-term, the University's goal is for the spending policy to allow its endowment to grow at an average of between 2.0% to 3.5% annually. This is consistent with the University's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Endowment Statistics (By Fiscal Year)

	2018	2017	2016	2015	2014
Market Value (in millions)	$616,857,155	$568,555,638	$518,638,388	$567,137,183	$545,907,906
Annual Performance (Net)	12.4%	14.2%	-5.5%	5.4%	16.9%

GIFTS, GRANTS AND BEQUESTS

In order to continue to support the University and its programs, DePauw actively seeks gifts, grants and bequests. In February of 2012, DePauw's Board of Trustees endorsed a comprehensive fundraising campaign that targets funds for faculty and intellectual life, financial aid and student access, student engagement and outcomes, and capital improvements to renew and improve the DePauw campus. A public announcement of the campaign target of $300 million was made in October of 2014. As of June 30, 2018, commitments of over $354 million had been received in support of this ongoing campaign.

Gifts, grants, and bequests received by the University for the past five fiscal years were as follows:

	Gifts, Grants and Bequests Fiscal Year Ended June 30				
	2018	2017	2016	2015	2014
Current Unrestricted	$4,786,430	$4,934,022	$5,292,547	$5,632,921	$5,058,266
Current Restricted	258,384	3,965,933	3,113,578	3,383,772	8,887,064
Endowment Gifts	27,032,533	9,619,254	30,603,540	7,142,132	14,955,477
Plant/Capital Gifts	1,511,992	12,580,417	11,047,089	10,117,354	4,299,937
Split Interest Gifts	521,355	365,924	267,358	761,079	5,286,284
Total	$34,110,694	$31,465,550	$50,324,112	$27,037,258	$38,487,028

The Fund for DePauw (formerly known as the Annual Fund)

The table below shows contributions to the Fund for DePauw for each of the last five fiscal years:

Fiscal Year Ended June 30	Total
2017-18	$4,786,430
2016-17	4,891,219
2015-16	5,474,787
2014-15	5,078,223
2013-14	4,745,663

PHYSICAL PROPERTY

The following table reflects the University's investment on an original cost basis, in plant, with recognition of accumulated depreciation and net investment for the periods indicated.

Investment in Plant

Fiscal Year Ended June 30	Original Cost	Accumulated Depreciation	Original Cost Less Depreciation
2018	$471,129,509	$201,867,114	$269,262,395
2017	454,108,329	189,806,087	264,302,242
2016	431,680,058	177,982,411	253,697,647
2015	403,013,399	167,523,269	235,490,130
2014	385,693,471	157,728,724	227,964,747

INSURANCE

The University and its property are covered by an insurance program through Educational & Institutional Insurance Administrators ("EIIA"). Coverage includes property, business interruption, boiler, comprehensive general liability, automobile liability and workers' compensation. The residence halls are included in the general University coverage. The policies are generally subject to annual review and renewal. Policies cover inland marine, health services, police professionals, fine arts, and director and officer liabilities.

LITIGATION

The University, from time to time, is a party to various legal proceedings relating to its operations. In the opinion of management of the University, none of the legal proceedings, individually or in the aggregate, currently pending, or to the knowledge of the University threatened against the University, will result in a material adverse effect on the University's financial condition or operations.

ADDITIONAL INFORMATION

Financial statements and operating data of the University as of and for the fiscal years ended June 30, 2014, 2015, 2016, 2017 and 2018 were filed in a timely manner with the Electronic Municipal Market Access ("EMMA") system established by the Municipal Securities Rulemaking Board (the "MSRB"), as required by the University's Continuing Disclosure Undertaking Agreements. Financial statements and data filed by the University are available to the public through EMMA at www.emma.msrb.org.

FINANCIAL STATEMENTS

The financial statements of the University as of and for the fiscal year ended June 30, 2018 have been audited by Crowe, LLP, Independent Member Crowe Global, Indianapolis, Indiana, as stated in their report thereon, which report, together with the financial statements, is included in Appendix B. Interim (unaudited) financial statements for the quarter ended March 31, 2019 are included in this Appendix A at pages A-29 through A-31.

DEPAUW UNIVERSITY

STATEMENTS OF FINANCIAL POSITION

As of March 31, 2019 and March 31, 2018

Assets	**March 31, 2019**	**March 31, 2018**
Cash	$ 15,180,389	$ 12,339,136
Cash restricted for capital projects	2,476,227	9,926,910
Accounts receivable (net of allowance of $900K and $857K)	4,272,233	4,747,246
Inventories	129,488	168,268
Prepaid expenses	1,579,702	1,858,160
Receivables		
Contributions receivable (net of allowance of $4.315M and $3.987M)	77,709,841	64,108,611
Student notes receivable (net of allowance of $460K and $448K)	6,590,092	6,764,906
Other notes receivable, mortgages and promissory notes	264,286	376,190
Marketable securities	659,167,812	650,497,902
Other investments	629,000	636,500
Property, plant and equipment	267,216,411	265,477,264
Cash surrender value of life insurance	5,632,616	5,435,716
Beneficial interest in remainder trusts	7,311,049	8,162,831
Beneficial interest in perpetual trusts	10,504,766	10,726,749
Total assets	$ 1,058,663,912	$ 1,041,226,390
Liabilities		
Accounts payable and other accruals	$ 2,298,159	$ 4,267,667
Interest payable	789,301	808,561
Deposits, prepayments and other liabilities	21,321,241	22,694,669
Fair value of interest rate swap	16,700,590	13,162,236
Annuity and trust liability	14,402,642	13,392,335
Advances from federal government for student loans	3,323,883	3,323,883
Accumulated postretirement benefit obligation	17,235,528	18,120,918
Notes payable	947,144	1,036,953
Bonds payable	129,110,848	126,912,165
Total liabilities	206,129,336	203,719,388
Net Assets	**March 31, 2019**	**March 31, 2018**
Without Donor Restrictions	306,223,117	306,522,929
Temporarily restricted	134,838,102	147,505,940
Permanently restricted	411,473,357	383,478,133
With Donor Restrictions	546,311,459	530,984,073
Total net assets	852,534,575	837,507,002
Total liabilities and net assets	$ 1,058,663,912	$ 1,041,226,390

DEPAUW UNIVERSITY
STATEMENT OF ACTIVITIES
For the Nine Months Ended March 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Tuition and fees	$ 78,300,574	$ -	$ 78,300,574
Grants and scholarships	47,990,745	-	47,990,745
Net tuition and fees	30,309,829	-	30,309,829
Contributions	5,419,800	11,434,922	16,854,721
Investment return, current operations	11,762,722	17,075,436	28,838,158
Federal grants	-	244,482	244,482
Athletic receipts, interdepartmental charges and		-	
other income	4,569,347	401,680	4,971,027
Auxiliary services	14,755,945	-	14,755,945
	66,817,644	29,156,520	95,974,163
Net assets released from restrictions	18,726,399	(18,726,399)	-
Total revenue, gains and other support	85,544,042	10,430,121	95,974,163
Expenses			
Instruction	35,322,558	-	35,322,558
Student services	15,418,987	-	15,418,987
Academic support and library	10,820,492	-	10,820,492
Management and general	8,763,609	-	8,763,609
Fund raising and alumni support	3,174,853	-	3,174,853
Auxiliary services	15,404,021	-	15,404,021
Total expenses	88,904,519	-	88,904,519
Change in Net Assets From Operations	(3,360,477)	10,430,121	7,069,644
Non-operating activities			
Investment return greater than amounts designated for			
current operations	(7,448,857)	(10,367,417)	(17,816,274)
Gain (Loss) on Post Retirement Benefits	-	-	-
Gain (loss) on interest rate swap	(3,390,577)	-	(3,390,577)
Reclassification of Net Assets	-	-	-
Non-operating miscellaneous revenue	9,201	-	9,201
Loss on extinguishment of debt	-	-	-
Net assets released for capital projects/Non-		-	
operating grants	3,171,613	(3,171,613)	-
Voluntary Retirement Payout		-	-
Non-operating grant activity	-	-	-
Change in accounting principle	-	-	-
Change in value of split interest agreements	94,654	(539,616)	(444,962)
	(7,563,966)	(14,078,646)	(21,642,612)
Change in Net Assets	(10,924,443)	(3,648,525)	(14,572,969)
Clarification of donor intent	-	-	-
Net assets at beginning of year	317,147,558	549,959,984	867,107,543
Net assets, end of period	$ 306,223,117	$ 546,311,459	$ 852,534,575

DEPAUW UNIVERSITY
STATEMENT OF ACTIVITIES
For the Nine Months Ended March 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue, Gains and Other Support			
Tuition and fees	$ 75,506,557	$ -	$ 75,506,557
Grants and scholarships	45,397,713	-	45,397,713
Net tuition and fees	30,108,844	-	30,108,844
Contributions	4,614,279	6,849,552	11,463,830
Investment return, current operations	12,744,202	15,749,560	28,493,761
Federal grants	-	116,898	116,898
Athletic receipts, interdepartmental charges and		-	-
other income	4,230,011	188,061	4,418,073
Auxiliary services	14,961,165	-	14,961,165
	66,658,501	22,904,070	89,562,571
Net assets released from restrictions	17,836,779	(17,836,779)	-
Total revenue, gains and other support	84,495,280	5,067,291	89,562,571
Expenses			
Instruction	38,377,634	-	38,377,634
Student services	13,068,995	-	13,068,995
Academic support and library	11,563,019	-	11,563,019
Management and general	7,619,976	-	7,619,976
Fund raising and alumni support	3,391,310	-	3,391,310
Auxiliary services	15,263,796	-	15,263,796
Total expenses	89,284,731	-	89,284,731
Change in Net Assets From Operations	(4,789,451)	5,067,291	277,840
Non-operating activities			
Investment return greater than amounts designated for			
current operations	6,310,944	14,616,274	20,927,218
Gain (Loss) on Post Retirement Benefits	-	-	-
Gain (loss) on interest rate swap	3,019,848	-	3,019,848
Reclassification of Net Assets	-	-	-
Non-operating miscellaneous revenue	100,000	-	100,000
Net assets released for capital projects/Non-		-	
operating grants	2,888,236	(2,888,236)	-
Change in value of split interest agreements	38,101	594,904	633,005
	11,941,824	12,322,941	24,264,766
Change in Net Assets	7,152,373	17,390,232	24,542,605
Clarification of donor intent	-	-	-
Net assets at beginning of year	299,370,554	513,593,841	812,964,395
Net assets, end of period	$ 306,522,929	$ 530,984,073	$ 837,507,002

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APPENDIX B

AUDITED FINANCIAL STATEMENTS OF DEPAUW UNIVERSITY, FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

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DEPAUW UNIVERSITY

FINANCIAL STATEMENTS
June 30, 2018 and 2017

DEPAUW UNIVERSITY
Greencastle, Indiana

FINANCIAL STATEMENTS
June 30, 2018 and 2017

CONTENTS

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
DePauw University
Greencastle, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of DePauw University, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DePauw University as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Schedule of Expenditures of State and Local Awards are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2018, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University’s internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
September 28, 2018

DEPAUW UNIVERSITY
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 1,175,896	$ 7,160,770
Cash restricted for capital projects	1,886,132	1,781,975
Accounts receivable (net of allowance of $900,000 for 2018 and $857,000 for 2017)	2,876,346	1,262,741
Inventories	176,499	182,000
Prepaid expenses	1,829,497	1,846,739
Contributions receivable, net (Note 2)	81,994,523	79,016,506
Student notes receivable (net of allowance for uncollectible notes of $460,000 for 2018 and $448,000 for 2017)	6,534,524	6,212,577
Other notes receivable, mortgages and promissory notes	315,238	487,143
Investments (Note 3)	669,846,832	621,404,354
Real estate held for resale	-	2,953,416
Other investments	629,000	629,000
Property, plant and equipment (Note 4)	269,262,395	264,302,242
Cash surrender value of life insurance	5,384,466	5,291,810
Beneficial interest in lead and remainder trusts (Note 5)	7,899,744	8,751,527
Beneficial interest in perpetual trusts (Note 6)	10,793,901	10,467,203
Total assets	$ 1,060,604,993	$ 1,011,750,003
LIABILITIES		
Accounts payable and other accruals	$ 5,974,166	$ 5,698,724
Interest payable	1,326,499	1,370,301
Deposits, prepayments and other liabilities	2,901,724	3,825,599
Capital leases	617,149	901,986
Note payable	1,013,773	1,128,538
Dining service program advance	5,585,714	6,041,420
Fair value of interest rate swap (Note 11)	13,310,013	16,182,083
Annuity and trust liability (Note 7)	13,404,240	13,224,155
Advances from federal government for student loans	3,323,883	3,323,883
Accumulated postretirement benefit obligation (Note 8)	17,235,528	18,120,918
Bonds payable (Note 10)	128,804,759	128,968,001
Total liabilities	193,497,448	198,785,608
NET ASSETS		
Unrestricted	316,944,443	299,370,555
Temporarily restricted (Note 12)	145,265,986	136,558,082
Permanently restricted (Note 12)	404,897,116	377,035,758
Total net assets	867,107,545	812,964,395
Total liabilities and net assets	$ 1,060,604,993	$ 1,011,750,003

See accompanying notes to financial statements.

DEPAUW UNIVERSITY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
Tuition and fees	$ 100,078,273	$ -	$ -	$ 100,078,273
Grants and scholarships	(60,509,362)	-	-	(60,509,362)
Net tuition and fees	39,568,911	-	-	39,568,911
Contributions	6,104,612	911,846	27,094,236	34,110,694
Investment return designated for current operations (Note 3)	16,350,527	21,114,013	-	37,464,540
Federal grants	-	251,004	-	251,004
Auxiliary services	19,896,717	-	-	19,896,717
Other income	4,945,858	223,246	-	5,169,104
Releases (from) to restriction (Note 12)	21,983,781	(22,475,395)	491,614	-
	108,850,406	24,714	27,585,850	136,460,970
Expenses				
Instruction	48,411,279	-	-	48,411,279
Student services	19,908,510	-	-	19,908,510
Academic support and library	15,038,831	-	-	15,038,831
Management and general	8,862,817	-	-	8,862,817
Fundraising and alumni support	4,641,120	-	-	4,641,120
Auxiliary services	20,229,377	-	-	20,229,377
	117,091,934	-	-	117,091,934
Change in net assets from operations	(8,241,528)	24,714	27,585,850	19,369,036
Non-operating activities				
Gain on interest rate swap (Note 11)	2,872,070	-	-	2,872,070
Other changes in accumulated postretirement benefit obligations	(826,569)	-	-	(826,569)
Net assets released for capital projects (Note 12)	13,525,282	(13,525,282)	-	-
Change in value of split-interest agreements	213,632	40,757	275,508	529,897
Non-operating miscellaneous revenue	100,000	-	-	100,000
Voluntary retirement payout	(1,025,760)	-	-	(1,025,760)
Investment return after amounts designated for current operations (Note 3)	10,956,761	22,167,715	-	33,124,476
	25,815,416	8,683,190	275,508	34,774,114
Change in net assets	17,573,888	8,707,904	27,861,358	54,143,150
Net assets at beginning of year	299,370,555	136,558,082	377,035,758	812,964,395
Net assets, end of year	$ 316,944,443	$ 145,265,986	$ 404,897,116	$ 867,107,545

See accompanying notes to financial statements.

DEPAUW UNIVERSITY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
Tuition and fees	$ 98,980,365	$ -	$ -	$ 98,980,365
Grants and scholarships	(58,144,790)	-	-	(58,144,790)
Net tuition and fees	40,835,575	-	-	40,835,575
Contributions	7,286,760	15,540,861	8,637,930	31,465,551
Investment return designated for current operations (Note 3)	14,644,574	18,460,440	-	33,105,014
Federal grants	19,070	131,708	-	150,778
Auxiliary services	19,308,241	-	-	19,308,241
Other income	4,660,033	127,923	-	4,787,956
Releases (from) to restriction (Note 12)	20,465,712	(21,221,600)	755,888	-
	107,219,965	13,039,332	9,393,818	129,653,115
Expenses				
Instruction	49,427,038	-	-	49,427,038
Student services	16,859,589	-	-	16,859,589
Academic support and library	14,838,355	-	-	14,838,355
Management and general	8,667,583	-	-	8,667,583
Fundraising and alumni support	5,313,710	-	-	5,313,710
Auxiliary services	19,060,092	-	-	19,060,092
	114,166,367	-	-	114,166,367
Change in net assets from operations	(6,946,402)	13,039,332	9,393,818	15,486,748
Non-operating activities				
Gain on interest rate swap (Note 11)	6,271,127	-	-	6,271,127
Other changes in accumulated postretirement benefit obligations	(9,050)	-	-	(9,050)
Net assets released for capital projects (Note 12)	10,129,946	(10,129,946)	-	-
Change in value of split-interest agreements	(131,991)	839,373	825,355	1,532,737
Non-operating miscellaneous revenue	3,253	6,130	-	9,383
Voluntary retirement payout	(1,035,680)	-	-	(1,035,680)
Investment return after amounts designated for current operations (Note 3)	16,865,156	24,503,811	13,191	41,382,158
	32,092,761	15,219,368	838,546	48,150,675
Change in net assets	25,146,359	28,258,700	10,232,364	63,637,423
Clarification of donor intent (Note 1)	1,068,890	-	(1,068,890)	-
Change in net assets	26,215,249	28,258,700	9,163,474	63,637,423
Net assets at beginning of year	273,155,306	108,299,382	367,872,284	749,326,972
Net assets, end of year	$ 299,370,555	$ 136,558,082	$ 377,035,758	$ 812,964,395

See accompanying notes to financial statements.

DEPAUW UNIVERSITY
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	$ 54,143,150	$ 63,637,423
Items not requiring (providing) cash		
Depreciation and amortization	11,824,067	11,165,780
Actuarial change in postretirement benefit obligation	(694,627)	(1,512,146)
Net realized/unrealized gain on investments	(70,857,844)	(74,594,958)
Contributed stock	(4,330,654)	(7,089,615)
Contributions restricted for long-term investment	(3,394,047)	(11,241,474)
Contributions restricted for capital projects	(14,769,192)	(5,159,976)
Change in fair value of interest rate swap	(979,236)	(4,014,945)
Changes in		
Accounts receivable	(1,613,605)	142,330
Inventories, prepaid and other assets	22,743	227,067
Contributions receivable	1,352,637	3,808,748
Student notes receivable	(321,947)	(435,900)
Real estate held for resale	2,953,416	(112,708)
Net change in cash surrender value of life insurance	(92,656)	(65,532)
Beneficial interest in remainder and perpetual trusts	525,085	788,673
Accounts payable and other accruals	(648,433)	424,424
Interest payable	(43,802)	(31,021)
Annuity and trust liability	180,085	(202,400)
Accumulated postretirement benefit obligation	(190,763)	186,398
Net cash from operating activities	(26,935,623)	(24,079,832)
Cash flows from investing activities		
Stock contributions restricted for capital projects	(559,820)	(1,502,379)
Purchases of property, plant and equipment	(17,067,424)	(21,954,997)
Proceeds from sales of securities	110,811,288	86,813,336
Purchases of securities	(88,395,922)	(63,948,673)
Payments on notes receivable and other investing activities	171,905	139,524
Net cash from investing activities	4,960,027	(453,189)
Cash flows from financing activities		
Stock contributions restricted for capital projects	559,820	1,502,379
Proceeds from contributions restricted for long-term investment	3,394,047	11,241,474
Proceeds from contributions restricted for capital projects	14,769,192	5,159,976
Bond issuance costs paid	(124,617)	-
Dining service program advance	-	4,500,000
Net settlements on interest rate swaps	(1,892,834)	(2,256,182)
Payments on capital leases	(400,964)	(421,135)
Payments on notes payable	(114,765)	-
Principal payments on bonds payable	(2,095,000)	(2,015,000)
Issuance of bonds payable	2,000,000	-
Net cash from financing activities	16,094,879	17,711,512
Net change in cash and cash equivalents	(5,880,717)	(6,821,509)
Cash and cash equivalents, beginning of year	8,942,745	15,764,254
Cash and cash equivalents, end of year	$ 3,062,028	$ 8,942,745
Supplemental cash flows information		
Interest paid	$ 5,635,751	$ 5,214,961
Purchases of property, plant and equipment in accounts payable	1,887,235	1,751,738
Equipment obtained through capital lease financing	116,127	51,860

See accompanying notes to financial statements.

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: DePauw University (University), a privately endowed educational institution, derives its revenue from student tuition and fees, investments, gifts and grants, operation of auxiliary enterprises and various related activities. The University is a nonprofit organization exempt from the payment of federal income tax under the provisions of Internal Revenue Code Section 501(c)(3) as a corporation organized and operated for educational purposes and has been determined by the Internal Revenue Service not to be a private foundation.

Income Taxes: The University is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income.

The University is subject to guidance with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit will be recorded.

The University does not expect the total amount of unrecorded tax benefits to significantly change in the next 12 months. The University recognizes interest and/or penalties related to income tax matters in income tax expense. The University did not have any amounts accrued for interest and penalties at June 30, 2018 and 2017. At June 30, 2018 and June 30, 2017, the University has not recorded any expected tax benefits.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Net Asset Classifications: The financial statements have been prepared in accordance with GAAP. This requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted, or permanently restricted.

The following classes of net assets are maintained:

Unrestricted Net Assets - The unrestricted net asset class includes general assets and liabilities of the University. The unrestricted net assets of the University may be used at the discretion of management to support the University’s purposes and operations.

Temporarily Restricted Net Assets - The temporarily restricted net asset class includes assets of the University related to gifts with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates. Unconditional promises to give that are due in future periods and are not permanently restricted are classified as temporarily restricted net assets.

Permanently Restricted Net Assets - The permanently restricted net asset class includes assets of the University for which the donor has stipulated that they be maintained in perpetuity. Donor-imposed restrictions limiting the use of the assets or their economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose.

(Continued)

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents and Cash Restricted for Capital Projects: For purposes of reporting cash flows, the University considers all liquid investments with an original maturity of three months or less to be cash equivalents. At June 30, 2018 and 2017, the University's cash accounts exceeded federally insured limits by approximately $2,101,000 and $8,084,000. Cash restricted for capital projects represents cash reserved for use on ongoing construction efforts related to the Master Plan.

Accounts Receivable: Student accounts receivable are stated at the amount billed for tuition and fees. The University provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the student's bill. Interest is not charged on past due accounts.

Student Notes Receivable: Student notes receivable are reported at the outstanding principal balances. These loans have been issued to eligible students primarily under the Federal Perkins Loan Program. The repayment period begins after an initial grace period of either six or nine months after the student ceases to be at least a half-time student. Interest income is recorded as monthly payments are received. The University's share of any uncollectible accounts under the Federal Perkins Loan Program would not be material to the financial statements. Defaulted loans are handled in accordance with the guidelines of the Federal Perkins Loan Program. The University also maintains a number of donor-funded institutional loan programs which comprise the minority of the total loan portfolio.

At June 30, 2018 and 2017, the following amounts were past due under the loan programs:

June 30	1 – 270 Days Past due	270 Days - 2 Years Past due	2 - 5 Years Past due	5 + Years Past due	Total Past Due
2018	$ 465,623	$ 184,488	$ 164,118	$ 285,724	$1,099,953
2017	$ 152,110	$ 71,521	$ 251,332	$ 248,616	$ 723,579

Investments and Investment Returns: Marketable securities and other investments are carried at fair value. Realized and unrealized gains and losses are included in the statements of activities. Securities traded on a national exchange are valued at their last reported sales price on the primary exchange on which they are traded. Securities traded in the over-the-counter market, and listed securities for which no sale was reported on that date, are valued at the last reported bid price.

The University has significant investments in stocks, bonds and mutual funds and is therefore subject to concentrations of credit risk. Investments are made by investment managers engaged by the University and the investments are monitored for the University by an investment advisor. Although the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the University.

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets held in diversifying assets, real assets, venture capital, and private equity funds are recorded based on estimated fair values. Methods for determining estimated fair values include discounted cash flows and estimates provided by fund trustees and general partners. The estimated fair value of certain other investments is based on valuations provided by the external investment managers, adjusted for cash receipts, disbursements and significant known valuation changes in market values of publicly held securities contained in the portfolio. Ongoing review and assessment is made to incorporate other transactions, activity and factors to estimate fair value at the financial statement date due to the latest information provided by the fund managers or the general partners not always being as of the financial statement date. Fair value estimation for these investments is inherently subjective as it requires estimates that are susceptible to revision as more information becomes available. The University considers the carrying values of these investments to be a reasonable estimate of fair value. Because these investments are not readily marketable and may be subject to the withdrawal restrictions, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material.

The University maintains pooled investment accounts for its endowments, quasi-endowments and other investable funds. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated quarterly to the individual endowments. The allocation is based on the relationship of the fair value of the interest of each endowment or quasi-endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

The Board of Trustees designates only a portion of the University's cumulative investment return to support current operations. The remainder is retained to support operations of future years and to offset potential market declines. The amount computed under the endowment spending policy of the investment pool and all investment income earned by investing cash in excess of daily requirements is used to support current operations.

<u>Property, Plant and Equipment</u>: Expenditures for property, plant and equipment and items which substantially increase the useful lives of existing assets in excess of $10,000 are capitalized at cost, or fair value if donated. The University provides for depreciation on the straight-line method at rates designed to depreciate the cost of assets over their estimated useful lives as follows:

Campus grounds and buildings	10 – 50 years
Furnishings and equipment	3 – 10 years
Books and scientific apparatus	5 – 10 years
Inn at DePauw and Student Social Center	10 – 50 years
Other property held	3 – 30 years

<u>Cash Surrender Value of Life Insurance Policies</u>: The University is the owner and beneficiary of several life insurance policies. These assets are recorded at the current cash surrender value of these policies, and are included on the statement of financial position.

<u>Collections</u>: Collections, which were acquired through purchases and contributions since the organization's inception, are not recognized as assets on the statement of financial position. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired or as temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected on the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

(Continued)

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Lived Asset Impairment: The University evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds it fair value. No impairment is thought to exist at June 30, 2018 or 2017.

Self-Insurance: The University maintains a self-funded medical insurance plan covering medical-related benefits for its employees. The plan includes individual and group stop-loss coverage. The individual stop-loss limit is $200,000. Claims payable at June 30, 2018 and 2017 amounted to $563,300 and $754,533, respectively, and are recorded as part of deposits, prepayments, and other liabilities on the statements of financial position. This estimate is based on projections of total costs versus actual costs incurred; therefore, actual claims outstanding could differ significantly.

Note Payable: In June 2015, the University entered into a loan agreement with a principal balance up to $1,600,000 with a maturity date of June 2, 2024 and a variable interest rate of one month LIBOR plus 2.45% through July 1, 2017 and the weekly average of the 7-year International Swaps and Derivatives Association mid-market par swap rate plus 1.94% thereafter.

Dining Service Program Advance: To provide initial funding for capital improvements to the University's dining services facilities, a service provider committed to provide $6,600,000 in the form of an interest free advance. As of June 30, 2017, the entire amount of $6,600,000 had been advanced to the University. The advance is to be repaid on a straight-line basis over the life of the service agreement from November 1, 2014 through June 30, 2031. If the agreement expires or is terminated for any reason prior to June 30, 2031, the University must pay to the service provider the remaining balance in full. As of June 30, 2018 and 2017, the balance of the advance was $5,585,714 and $6,041,420, respectively.

Advances from Federal Agency for Student Loans: The University participates in the Federal Perkins Student Loan Program. The liability balance represents an accumulation of funds advanced to the University, net of the University's matching portion. If the University terminates the program, the net funds advanced are repayable to the program.

Contributions: Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor-stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional. As of June 30, 2018 and 2017, there were no conditional gifts.

Government Grants: Support funded by grants is recognized as the University performs the contracted services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Expense Allocation: Expenses have been classified as program services (instruction, student services, academic support and library, and auxiliary services), management and general, and fundraising and alumni support based on the actual direct expenditures and cost allocations based upon square footage of occupancy. Total program services expenses were $103,587,997 and $99,859,878 and total expenses were $117,091,934 and $114,166,367 for the years ended June 30, 2018 and 2017.

Clarification of Donor Intent: During 2017, the University received clarification from donors related to their intentions for gifts recognized in prior years. As a result, net assets were reclassified by restriction. The reclassification had no effect on the change in net assets or total net assets.

Recently Issued Accounting Pronouncements: Accounting Standards Update (ASU) 2016-14 affects not-for-profit entities (NFPs) and the users of their general-purpose financial statements. This ASU makes certain improvements to the current net asset classification requirements and the information presented in financial statements and notes about a NFP's liquidity, financial performance, and cash flows. This ASU requires changes in presentation and disclosures to help NFPs provide more relevant information about their resources to donors, grantors, creditors and other stakeholders. The University has not yet implemented this ASU and is in the process of assessing the effect on the University's financial statements.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2018, to determine the need for any adjustments or disclosures to the financial statements for the year ended June 30, 2018. Management has performed their analysis through September 28, 2018, the date the financial statements were issued.

(Continued)

NOTE 2 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30:

	2018		
	Temporarily Restricted	Permanently Restricted	Total
Due within one year	$ 9,190,485	$ 6,223,847	$ 15,414,332
Due in one to five years	10,968,000	28,836,661	39,804,661
Due in more than five years	1,600,000	42,622,856	44,222,856
	21,758,485	77,683,364	99,441,849
Allowance for uncollectible contributions	(1,034,000)	(3,281,000)	(4,315,000)
	20,724,485	74,402,364	95,126,849
Discount for time value of money	(1,083,707)	(12,048,619)	(13,132,326)
	$ 19,640,778	$ 62,353,745	$ 81,994,523

	2017		
	Temporarily Restricted	Permanently Restricted	Total
Due within one year	$ 9,936,937	$ 5,248,244	$ 15,185,181
Due in one to five years	25,235,844	15,140,848	40,376,692
Due in more than five years	5,825,000	36,143,484	41,968,484
	40,997,781	56,532,576	97,530,357
Allowance for uncollectible contributions	(1,845,000)	(2,313,000)	(4,158,000)
	39,152,781	54,219,576	93,372,357
Discount for time value of money	(4,092,248)	(10,263,603)	(14,355,851)
	$ 35,060,533	$ 43,955,973	$ 79,016,506

Discount rates used to estimate the present value of future year receivables ranged from 1.2% to 6.0% for 2018 and 2017. As of June 30, 2018 and 2017, 53% and 48% of gross contributions receivable were due from three contributors, respectively.

Contributions receivable designated for specific purposes are as follows:

	2018	2017
Faculty development	$ 3,447,946	$ 3,315,768
Scholarships	31,261,158	29,023,651
Campus and facilities	17,240,859	30,400,930
Programs	29,627,588	15,835,446
Any activity of the University	416,972	440,711
	$ 81,994,523	$ 79,016,506

(Continued)

NOTE 3 - INVESTMENTS

The University's investments, at fair value, as of June 30, are as follows:

	2018	2017
Short-term investments	$ 58,095,162	$ 43,458,835
Government securities	40,845,375	21,353,366
Corporate bonds	12,893,475	13,370,018
Domestic common stocks	141,295,641	134,945,507
Foreign common stocks	122,646,637	122,807,244
Private equity		
Venture capital/buy-out	73,183,912	70,931,275
Special situations	9,713,603	4,980,813
Total private equity	82,897,515	75,912,088
Real assets		
Real estate	13,946,183	11,406,498
Natural resources	31,809,159	24,825,296
Total real assets	45,755,342	36,231,794
Diversifying assets		
Absolute return strategies	10,014,053	9,799,329
Direct lending	11,965,865	10,293,732
Equity long/short	90,621,627	103,423,971
Global macro	107,617	200,027
Distressed	52,079,468	48,913,401
Short credit	629,055	695,042
Total diversifying assets	165,417,685	173,325,502
Totals	$ 669,846,832	$ 621,404,354

The University engages professional investment managers to manage its investment portfolio. The University's investment policy allows the managers to utilize derivative financial instruments with the approval of the Investment Committee of the University's Board of Trustees. The use of derivatives must be consistent with the University's investment policy and objectives of maximizing the yield on invested funds in order to preserve and enhance inflation-adjusted purchasing power while providing a stable stream of earnings to meet spending needs. The University also invests in certain mutual funds that allow for the use of derivatives within guidelines established in the fund's investment policies.

The following schedule summarizes the investment return and the amounts designated to support current operations.

	2018	2017
Dividends and interest, net of investment expenses of $2,875,128 and $3,563,847 for 2018 and 2017	$ (268,828)	$ (107,786)
Net realized gains on investments	38,342,733	26,008,076
Net unrealized gains on investments	32,515,111	48,586,882
Total return on investments	70,589,016	74,487,172
Investment return designated for current operations	(37,464,540)	(33,105,014)
Investment return in excess of amounts designated for current operations	$ 33,124,476	$ 41,382,158

(Continued)

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

The University's property, plant and equipment are as follows:

	2018	2017
Campus grounds and buildings	$ 373,605,110	$ 364,193,298
Furnishings and equipment	44,766,037	43,506,574
Books and scientific apparatus	3,094,126	2,994,410
Inn at DePauw and Student Social Center	14,976,195	14,853,560
Other property held	13,120,245	13,028,154
	449,561,713	438,575,996
Accumulated depreciation	(201,867,114)	(189,806,087)
	247,694,599	248,769,909
Construction in progress	10,750,623	5,026,676
Land	10,817,173	10,505,657
	$ 269,262,395	$ 264,302,242

Construction in progress at June 30, 2018 primarily includes expenditures related to renovations to the Robert G. Bottoms Alumni and Development Center. Capitalized interest included in construction in progress at June 30, 2018 and 2017 is $246 and $60,997, respectively. At June 30, 2018 the University had committed $42,265,539 for capital projects.

NOTE 5 - BENEFICIAL INTEREST IN LEAD AND REMAINDER TRUSTS

The University is a beneficiary of various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the estimated lifetime of the beneficiary). At the end of the trust's term, the remaining assets (or the designated portion thereof) are available for the University. The portion of the trust attributable to the beneficial interest of the University is recorded at the fair value, and classified as temporarily or permanently restricted contributions in the period the trust is established.

The University is also a beneficiary of various charitable lead trusts. A charitable lead trust is an arrangement in which the donor establishes and funds a trust with specific distributions to be made to the University over a specified period. The distribution may be for a fixed dollar amount or a fixed percentage of the trust's fair market value. Upon termination of the trust, the remainder of the trust's assets is paid to the donor or beneficiaries designated by the donor. On an annual basis, the estimated fair value is adjusted to reflect the passage of time, revaluation of the present value of future payments, changes in actuarial assumptions during the term of the trust and discount rates based on current market conditions.

Discount rates of 3.4% and 2.4% were used for the years ended June 30, 2018 and 2017, respectively. The estimated fair value of these trusts as of June 30, 2018 and 2017 were $7,899,744 and $8,751,527, respectively.

(Continued)

NOTE 6 - BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The University is the beneficiary under several perpetual trusts administered by outside parties. Under the terms of the trusts, the University has the irrevocable right to receive income earned on the trust assets in perpetuity, but never receives the assets held in trust. Annual distributions from the trust are reported as investment income. The trusts are valued at $10,793,901 at June 30, 2018 and $10,467,203 at June 30, 2017, which represents the fair value of the trust assets at the respective year ends.

NOTE 7 - ANNUITY AND TRUST LIABILITY

The University is the recipient of several gift annuities and charitable remainder trusts, which require future payments to donors or their named beneficiaries. The University has recorded a liability in the amount of $13,404,240 and $13,224,155 at June 30, 2018 and 2017, which represents the present value of the future annuity and trust obligations. Discount rates ranging from 1.2% to 11% were used to calculate this liability for 2018 and 2017.

NOTE 8 - ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION

The University provides a defined-benefit postretirement health care plan for eligible employees. Employees and their spouses hired before July 1, 2005, who are 55 years of age or older and have 15 or more consecutive years of full-time service and whose age plus years of service equals or exceeds 80 are eligible for this benefit. The University accrues the expected cost of providing defined benefit postretirement benefits for employees during the years the employees render service. The University’s policy is to fund payments as claims are paid. Employees hired after July 1, 2005 are not eligible for this plan.

Post-retirement benefits between ages 55 and 65 include coverage for the retirees and covered spouses in DePauw’s group medical plan, including medical, dental, prescription drug, and vision expenses. When retirees and covered spouses have attained the age of 65, they are placed in the University retiree health plan. Under the retiree health plan, retirees and covered spouses who retired before July 1, 2005 will continue to receive lifetime benefits paid by DePauw subject to a maximum per month established by the University. All eligible plan members who retire after January 1, 2005 will have benefits under the retiree health plan for a maximum of 25 years. The 25-year maximum is reduced by the number of years that the retiree is employed after July 1, 2005. After June 30, 2030, these retirees and covered spouses will be responsible for all insurance premiums. Payment amounts for 2018 vary based on retiree age and type of coverage and the plan design includes 3% increases annually. The retiree and covered spouse pay any premium above this amount.

GAAP requires recognition of the funded status of a defined benefit postretirement plan in the statements of financial position, recognition of the changes in funded status in the year in which the changes occur through net assets, and measurement of the funded status of a plan as of the date of its fiscal year end, with limited exceptions.

(Continued)

NOTE 8 - ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION (Continued)

The following table sets forth the University's accumulated postretirement benefit obligation, fair value of plan assets, and the accrued postretirement benefit obligation recognized in the statement of financial position at June 30:

	2018	2017
Accumulated postretirement benefit obligation at beginning of year	$ 18,120,918	$ 19,446,666
Service cost	258,655	335,095
Interest cost	669,284	676,361
Actuarial gains – net	(694,627)	(1,512,146)
Benefits paid	(1,118,702)	(825,058)
Accrued postretirement benefit obligation at end of year	$ 17,235,528	$ 18,120,918

	2018	2017
Amounts recognized in unrestricted net assets not yet recognized as components of net periodic benefit cost consists of:		
Prior service cost	$ (3,782,099)	$ (5,303,295)
Net (gain) loss	(519,703)	174,924
Amount recognized	$ (4,301,802)	$ (5,128,371)

Employer contributions to the plan during 2018 and 2017, respectively, were $1,118,702 and $825,058.

The net periodic postretirement benefit cost is comprised of service and interest costs as well as recognition of actuarial gains and losses. For the years ended June 30, 2018 and 2017, the net periodic postretirement benefit cost was $(593,257) and $(509,740), respectively. The estimated net loss for the defined-benefit postretirement health care plan that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year is $(1,521,196).

The health care cost trend rate assumptions used in determining the accumulated postretirement benefit obligation begin at 6.5% for 2020, then to 5.9% in 2021 and gradually decrease to 4.1%. Estimated benefit payments are based on the same assumptions used to measure the benefit obligation as of June 30, 2018, adjusted for benefits attributable to estimated future employee service. The discount rate used in determining the accumulated postretirement benefit obligations was 4.09% and 3.80% at June 30, 2018 and 2017, respectively. The discount rate to determine the post-retirement benefit costs was 3.80% and 3.57% at June 30, 2018 and 2017, respectively. The impact on the liability of a 1% increase in rates or a 1% decrease in rates would be $1,192,354 or ($1,087,078), respectively.

(Continued)

NOTE 8 - ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION (Continued)

The projected benefit payments for the next five fiscal years and in the aggregate for the five fiscal years thereafter are as follows:

2019	$1,146,095
2020	1,214,301
2021	1,290,016
2022	1,419,231
2023	1,470,010
Thereafter	8,235,496

Postretirement life insurance in the amount of $3,500 is provided for all retirees.

NOTE 9 - RETIREMENT BENEFITS

Faculty, administrative, and support staff employees of the University are participants in defined-contribution retirement plans. Under these plans, the University makes contributions which are immediately vested for the benefit of the participants. The University's contributions to these plans amounted to $3,208,083 and $3,133,924 for the years ended June 30, 2018 and 2017.

NOTE 10 - BONDS PAYABLE AND LINE OF CREDIT

On April 15, 2008, the Indiana Finance Authority issued $42,225,000 of Variable Rate Demand Educational Facilities Revenue Bonds, Series 2008A and $42,330,000 of Variable Rate Demand Rate Educational Facilities Revenue Bonds Series 2008B. The funds were loaned to the University for the purposes of financing the current refunding of the Indiana Educational Facilities Authority Adjustable Rate Educational Facilities Revenue Bonds, Series 2006 totaling $83,850,000; and to obtain credit enhancements and pay certain costs of issuance. On December 1, 2009, a portion ($8,810,000 in principal) of the Series 2008B Bonds was refunded and the remainder was refunded in whole with the Series 2014 Bonds ($32,160,000 in principal).

The 2008A Bonds mature on July 1, 2036 and bear interest in one of several different adjustable interest rate modes (which consist of daily, weekly or long-term) or at a fixed interest rate, depending on the University's election. At June 30, 2018 and 2017, the University was under the weekly interest rate mode, and interest was stated at 1.48% and 0.9%, respectively. The 2008A Bonds are secured by an irrevocable letter of credit, which expires in May 2019 and was issued for $41,739,830 in February 2014, which represented the principal of the 2008A Bonds plus accrued interest at the time of issuance. Should the University draw on the letter of credit, repayment of such amounts would be due on the earliest of (i) the date on which the bonds are redeemed or cancelled; (ii) the date on which the bonds are remarketed pursuant to the trust indenture; (iii) the date on which the letter of credit is replaced by a substitute letter of credit pursuant to the trust indenture; (iv) the stated expiration date of the letter of credit; or (v) repaid in four substantially equal quarterly principal payments with first principal payment due on the 367th day after the liquidity draw. The University would also be required to pay interest on the unpaid principal amount of the amount drawn on the letter of credit at a rate equal to the Prime Rate for the first 180 days and the Prime Rate plus 2% on the 181st day until the principal amount drawn has been repaid. Principal outstanding on the 2008A Bonds as of June 30, 2018 and 2017 was $41,265,000.

(Continued)

NOTE 10 - BONDS PAYABLE AND LINE OF CREDIT (Continued)

On December 1, 2009, the Indiana Finance Authority issued $29,845,000 of Educational Facilities Revenue Bonds Series 2009A and $15,155,000 of Educational Facilities Revenue Bonds Series 2009B. The funds were loaned to the University for the purpose of financing the current refunding of the Indiana Educational Facilities Authority Educational Facilities Revenue Bonds Series 1999 totaling $14,440,000, providing payment in full of the Northern Trust line of credit, the current refunding of a portion ($8,810,000 in principal) of the Series 2008B Bonds and pay certain costs of issuance.

The 2009 Bonds mature on July 1, 2039 and are subject to prior redemption. The 2009A Bonds bear interest at a fixed interest rate of 5.5% for $24,845,000 and 5.75% for $5,000,000. The 2009B Bonds bear interest at a fixed interest rate of between 4.0% and 4.75% based upon the maturity of the Bonds. Principal outstanding on the 2009 Bonds as of June 30, 2018 and 2017 was $39,935,000 and $41,695,000.

On March 15, 2014, The Indiana Finance Authority issued $32,500,000 of Educational Facilities Revenue Refunding Bonds, Series 2014 as a Bond Purchase and Loan Agreement between the University and PNC Bank, National Association. The funds were loaned to the University for the purpose of financing the current refunding of the Series 2008B Bonds ($32,160,000 in principal) and pay certain costs of issuance.

The Series 2014 Bonds mature on July 1, 2041 and are subject to prior redemption. The initial Bank Purchase Mode Term shall expire on July 1, 2019. Upon expiration, the Borrower may elect to convert the Bond to a new Mode (with weekly or flexible interest rate periods), a new Bank Purchase Mode Term (but not beyond the Maturity Date), or the bonds shall be subject to mandatory tender for purchase. The decision as to whether the Bond is converted to a new Bank Purchase Mode or a new Mode is the sole decision of the Borrower.

The Series 2014 Bonds bear interest during the initial Bank Purchase Mode Term at a variable bank rate equal to the sum of 0.70 times the one month LIBOR rate, plus 55 basis points. At June 30, 2018 and 2017, the University interest rate was stated at 1.95% and 1.41%, respectively. Principal outstanding on the 2014 Bonds as of June 30, 2018 and 2017 was $32,500,000.

On July 30, 2015, The Indiana Finance Authority issued $15,115,000 of Educational Facilities Revenue Bonds, Series 2015 as a Bond Purchase and Loan Agreement between the University and PNC Bank, National Association. The funds were loaned to the University for the purpose of constructing and renovating various educational facilities and to pay certain costs of issuance.

The Series 2015 Bonds mature on July 1, 2045 and are subject to prior redemption. The initial Bank Purchase Mode Term shall expire on July 1, 2025. Upon expiration, the Borrower may elect to convert the Bond to a new Mode (with weekly or flexible interest rate periods), a new Bank Purchase Mode Term (but not beyond the Maturity Date), or the bonds shall be subject to mandatory tender for purchase. The decision as to whether the Bond is converted to a new Bank Purchase Mode or a new Mode is the sole decision of the Borrower.

The Series 2015 Bonds bear interest during the initial Bank Purchase Mode Term at a fixed bank rate of 2.77%. Principal outstanding on the 2015 Bonds as of June 30, 2018 and 2017 was $14,450,000 and $14,785,000.

On April 30, 2018, The Indiana Finance Authority issued $40,000,000 of Educational Facilities Revenue Bonds, Series 2018 as a Bond Purchase and Loan Agreement between the University and BMO Harris Investment Company LLC. The funds were loaned to the University for the purpose of constructing and renovating various facilities and to pay certain costs of issuance.

(Continued)

NOTE 10 - BONDS PAYABLE AND LINE OF CREDIT (Continued)

The Series 2018 Bonds mature on April 30, 2048 and are subject to prior redemption. The initial Bank Purchase Mode Term shall expire on May 1, 2028. Upon expiration, the Borrower may elect to convert the Bond to a new Mode (with weekly or flexible interest rate periods), a new Bank Purchase Mode Term (but not beyond the Maturity Date), or the bonds shall be subject to mandatory tender for purchase. The decision as to whether the Bond is converted to a new Bank Purchase Mode or a new Mode is the sole decision of the Borrower.

The Series 2018 Bonds bear interest during the initial Bank Purchase Mode Term at a variable bank rate equal to the sum of 0.81 times the one month LIBOR rate, plus 93 basis points. Principal outstanding on the 2018 Bonds as of June 30, 2018 was $2,000,000. The credit facility is a draw-down loan, allowing multiple draws before April 29, 2021. During that draw period, an unused commitment fee of 10 basis points per annum is payable quarterly in arrears. At June 30, 2018, the University interest rate was stated at 2.54%.

The Series 2008A, 2009A, and 2009B Bonds are secured by loan agreements with the Authority. The Series 2014 and 2015 Bonds are a direct purchase from PNC Bank, National Association and do not require a letter of credit. The Series 2018 Bonds are a direct purchase from BMO Harris Investment Company LLC. The bond issuances are subject to certain covenants, primarily financial coverage ratios, with which the University has reported compliance.

Long-term debt consisted of the following at June 30:

	Original Principal	2018	2017
Series 2008A Bonds	$ 42,225,000	$ 41,265,000	$ 41,265,000
Series 2009A Bonds	29,845,000	29,845,000	29,845,000
Series 2009B Bonds	15,155,000	10,090,000	11,850,000
Series 2014 Bonds	32,500,000	32,500,000	32,500,000
Series 2015 Bonds	15,115,000	14,450,000	14,785,000
Series 2018 Bonds	40,000,000	2,000,000	-
		130,150,000	130,245,000
Less: Bond issuance costs		(1,345,241)	(1,276,999)
		$ 128,804,759	$ 128,968,001

Bond maturities are as follows:

2019	$ 2,440,000
2020	2,780,000
2021	3,220,000
2022	3,365,000
2023	3,515,000
Thereafter	114,830,000
	$ 130,150,000

Interest expense was approximately $3,600,000 and $3,300,000 for 2018 and 2017, respectively.

(Continued)

NOTE 10 - BONDS PAYABLE AND LINE OF CREDIT (Continued)

The University maintains a line of credit agreement with a bank in the amount of $20,000,000 with a maturity date of December 31, 2018 and an interest rate of LIBOR plus 125 basis points. As of June 30, 2018 and 2017, there were no outstanding borrowings on the agreement.

NOTE 11 - INTEREST RATE SWAP AGREEMENTS

As a strategy to maintain acceptable levels of exposure to the risk of interest rate fluctuations, the University entered into an interest rate swap agreement in January 2002. This interest rate swap has been designated as a cash flow hedge of long-term debt and provides for the University to receive interest from the counterparty at 68% of one-month LIBOR and to pay interest to the counterparty at a fixed rate of 4.24% on a notional amount of $43,000,000 at June 30, 2018 and 2017. The average rate received during 2018 and 2017 was 1.06% and 0.52%, respectively, and the average interest rate paid for 2018 and 2017 was 4.24%. The interest rate swap matures in 2032. Total interest paid during 2018 and 2017 was $1,374,938 and $1,606,352, respectively, and is allocated to various expenses by function on the statement of activities.

In March 2003, the University entered into an additional interest rate swap agreement. The interest rate swap has been designated as a cash flow hedge of long-term debt and provides for the University to receive interest from the counterparty at 70% of one-month LIBOR and to pay interest to the counterparty at a fixed rate of 3.57% on a notional amount of $10,500,000 at June 30, 2018 and 2017. The average rate received during 2018 and 2017 was 1.09% and 0.53%, respectively, and the average interest rate paid for 2018 and 2017 was 3.57%. The interest rate swap matured on July 1, 2018. Total interest paid during 2018 and 2017 was $262,681 and $320,865, respectively, and is allocated to various expenses by function on the statement of activities.

In February 2006, the University entered into a third interest rate swap agreement. The interest rate swap has been designated as a cash flow hedge of long-term debt and provides for the University to receive interest from the counterparty at 70% of one-month LIBOR and to pay interest to the counterparty at a fixed rate of 3.59% on a notional amount of $10,625,000 and $10,625,000 at June 30, 2018 and 2017, respectively. The average rate received during 2018 and 2017 was 1.09% and 0.53%, respectively, and the average interest rate paid for 2018 and 2017 was 3.59%. The interest rate swap matures in 2036. Total interest paid during 2018 and 2017 was $253,615 and $328,965, respectively, and is allocated to various expenses by function on the statement of activities.

In April 2018, the University entered into a fourth interest rate swap agreement. The interest rate swap has been designated as a cash flow hedge of long-term debt and provides for the University to receive interest from the counterparty at 81% of one-month LIBOR and to pay interest to the counterparty at a fixed rate of 2.44% on a notional amount of $2,000,000 at June 30, 2018. The average rate received during 2018 was 1.68%, and the average interest rate paid for 2018 was 2.44%. The interest rate swap matures in 2048. Total interest paid during 2018 was $1,601 and is allocated to various expenses by function on the statement of activities. The expected fair value of the swap in expected to increase as the notional amount accretes to $6,700,000 by June 30, 2019.

Under the agreements, the University pays or receives the net interest amount monthly, with the monthly settlements included in interest expense. The agreements are recorded at fair value with subsequent changes in fair value included in the change in net assets in the statement of activities. The valuation of the four interest rate swaps at June 30, 2018 and three at June 30, 2017 resulted in a liability of $13,310,013 and $16,182,083, respectively.

(Continued)

NOTE 12 - NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

	2018	2017
Scholarship and student support programs	$ 66,361,650	$ 52,121,148
Building and equipment maintenance	17,505,154	35,137,650
Library and department support programs	21,660,707	14,493,657
Faculty and academic support	23,426,173	18,365,022
Annuity trust agreements	11,759,767	11,769,296
Timing restriction	3,630,076	2,694,621
Other	922,459	1,976,688
	$ 145,265,986	$ 136,558,082

Permanently restricted net assets are restricted to:

	2018	2017
Scholarship and student support programs	$ 226,618,144	$ 216,882,276
Faculty and academic support	86,019,430	84,859,468
Library and department support programs	70,332,813	50,416,906
Split-interest agreements and perpetual trusts	16,681,825	16,888,008
Building and equipment maintenance	2,221,004	2,221,004
Unrestricted use	3,023,900	5,768,096
	$ 404,897,116	$ 377,035,758

Net assets released from donor restrictions:

	2018	2017
Purpose restrictions accomplished - primarily scholarship and instructional support	$ 21,086,494	$ 18,504,717
Gifts and grants utilized for operations	1,388,901	2,303,348
Time restrictions expired - death of annuity beneficiary	-	413,535
Total restrictions released for operations	22,475,395	21,221,600
Released for capital projects	13,525,282	10,129,946
	$ 36,000,677	$ 31,351,547

(Continued)

NOTE 13 - ENDOWMENT

The University's endowment consists of approximately 1,000 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by GAAP, net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions. The University's governing body has interpreted the State of Indiana Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by SPMIFA.

In addition, the endowment includes permanently restricted pledges receivable, which total $62,353,745 and $43,955,973 for 2018 and 2017, and beneficial interest in perpetual trusts, which total $10,793,901 and $10,467,203 for 2018 and 2017, are not legally subject to SPMIFA as the University does not hold these assets in the form of cash.

In accordance with SPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the University and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the University
7. Investment policies of the University

The composition of net assets by type of endowment fund at June 30, 2018 was:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (229,198)	$ 94,742,869	$ 398,067,849	$ 492,581,520
Board-designated endowment funds	238,268,421	-	-	238,268,421
Total endowment funds	$ 238,039,223	$ 94,742,869	$ 398,067,849	$ 730,849,941

(Continued)

NOTE 13 - ENDOWMENT (Continued)

The composition of net assets by type of endowment fund at June 30, 2017 was:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (387,886)	$ 72,252,224	$ 369,990,040	$ 441,854,378
Board-designated endowment funds	227,282,769	-	-	227,282,769
Total endowment funds	$ 226,894,883	$ 72,252,224	$ 369,990,040	$ 669,137,147

Changes in endowment net assets for the year ended June 30, 2018 were:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 226,894,883	$ 72,252,224	$ 369,990,040	$ 669,137,147
Investment income and realized gain	15,000,085	21,384,364	-	36,384,449
Unrealized gain	10,714,824	21,765,595	-	32,480,419
Total investment return	25,714,909	43,149,959	-	68,864,868
Contributions received	1,225	-	27,030,555	27,031,780
Change in split-interest agreements	213,632	326,698	-	540,330
Appropriation of endowment assets for expenditure	(14,738,613)	(22,021,880)	-	(36,760,493)
Transfer of net assets	(46,813)	1,035,868	1,047,254	2,036,309
Endowment net assets, end of year	$ 238,039,223	$ 94,742,869	$ 398,067,849	$ 730,849,941

Changes in endowment net assets for the year ended June 30, 2017 were:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 207,207,862	$ 47,218,565	$ 360,141,963	$ 614,568,390
Investment income and realized gain	14,562,753	10,932,135	-	25,494,888
Unrealized gain	16,515,073	32,058,670	-	48,573,743
Total investment return	31,077,826	42,990,805	-	74,068,631
Contributions received	980,573	-	8,637,930	9,618,503
Change in split-interest agreements	(187,991)	474,951	-	286,960
Appropriation of endowment assets for expenditure	(14,212,670)	(18,474,287)	-	(32,686,957)
Transfer of net assets	2,029,283	42,190	1,210,147	3,281,620
Endowment net assets, end of year	$ 226,894,883	$ 72,252,224	$ 369,990,040	$ 669,137,147

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the University is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets and aggregated $229,198 and $387,886 at June 30, 2018 and 2017, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new permanently restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body.

(Continued)

NOTE 13 - ENDOWMENT (Continued)

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the University must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the University's policies, endowment assets are invested in a manner that is intended to produce results that earn an average annual total return, net of all fees and expenses over a rolling five-year period to equal the spending rate plus inflation. The University expects its endowment funds to provide an average rate of return of approximately 8% annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the University relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The University targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The University has a policy (the spending policy) of appropriating for expenditure each year 5.5% of its endowment fund's average fair value over the previous twelve quarters. In establishing this policy, the University considered the long-term expected return on its endowment. Accordingly, over the long-term, the University expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the University's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

NOTE 14 - DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the University's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

To maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value, the University uses the fair value hierarchy. GAAP describes three levels of inputs that may be used to measure fair value:

> Level 1: Inputs include quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
>
> Level 2: Inputs include significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
>
> Level 3: Inputs include significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

(Continued)

NOTE 14 - DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Investments: Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include short-term investments, government securities, domestic common stocks, and foreign common stocks. If quoted market prices are not available, then fair values are estimated by a third-party pricing service using pricing models, quoted market prices of securities with similar characteristics, or discounted cash flows. For investments, other than alternative investments, the inputs used by the pricing service to determine fair value may include one, or a combination of, observable inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data market research publications and are classified within Level 2 of the valuation hierarchy. These Level 2 securities include corporate bonds.

Some alternative investments are valued using the net asset value (NAV) (or its equivalent) provided by the fund as a practical expedient. Those investments include certain domestic common stocks, foreign common stocks, and diversifying assets, and are excluded from the valuation hierarchy. Unfunded commitments to diversifying assets funds totaled $19,374,250 as of June 30, 2018.

For alternative investments that do not have sufficient activity or liquidity within the fund and the NAV provided by the fund is not used as a practical expedient, the NAV provided by the fund is utilized to determine fair value and are classified within Level 3 of the valuation hierarchy. These Level 3 securities include private equity, real assets, and certain diversifying assets.

Private equity funds invest in venture capital and buyout opportunities and special situations. The venture capital and buyout opportunities funds have lives that range from 10 to 12 years and cannot be sold. Distributions are received as individual portfolio holdings are liquidated and are valued at NAV, using the market approach. Approximately 42% of the private equity exposure is via fund-of-funds, with the remaining 58% invested directly with limited partnerships. Unfunded commitments to private equity funds totaled $41,964,021 as of June 30, 2018.

Special situations represents a single fund engaged in making special opportunities private equity investments with the purpose of seeking capital appreciation from turnaround transactions, distressed hard-asset investments and control and non-control oriented private and public distressed equity and debt investments. The Partnership’s strategy emphasizes investment in special opportunities private equity funds as a fund of funds. The University will receive distributions over the next 3 to 7 years.

Real assets funds consist of natural resource funds, and real estate funds. Natural resource funds primarily invest in mid-stream and down-stream oil and gas opportunities and power generation in traditional power plants, as well as solar and wind generation. These limited partnerships investments began in 2005. Most partnerships have a 10 to 12 year life and valuation techniques include, but are not limited to, the income approach and public market equivalents methods. Funds cannot be sold, but distributions received as underlying investments are liquidated. Unfunded commitments to real asset funds totaled $36,141,709 as of June 30, 2018.

Real estate funds invest across the major four categories of commercial real estate: office, industrial, multi-family, and retail. These are limited partnerships with 10 to 12 year lives and cannot be sold. The underlying investments in the real estate funds are valued using comparable sales, dividend discount, and income approach methods. Distributions are made as underlying investments are sold.

Other Investments: The fair value is estimated using appraisals that are observable or that can be corroborated by observable market data, and therefore, are classified within Level 2 of the valuation hierarchy.

(Continued)

NOTE 14 - DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Beneficial Interest in Lead and Remainder Trusts: Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Beneficial Interest in Perpetual Trusts: The fair value of beneficial interest in perpetual trusts is based on a valuation model that calculates the present value of estimated distributed income. The valuation model incorporates assumptions that market participants would use in estimating future distributed income. The University is able to compare the valuation model inputs and results to widely available published industry data for reasonableness. If not readily comparable to published data, then the University would have to develop a model similar to the above for a Level 3 input. Since the University does not have the ability to redeem these beneficial interests on a short-term basis, they are classified as Level 3 valuations.

Interest Rate Swap Agreement: The fair values of the interest rate swaps are based on third-party proprietary valuation models that calculate the values based on recognized financial principles and current market rates, and are thought to provide a reasonable estimate of fair value using the market approach. The interest rate swap is classified within Level 2 of the valuation hierarchy.

(Continued)

NOTE 14 - DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2018 and 2017:

	2018				
	Fair Value	Level 1	Level 2	Level 3	NAV
Assets					
Securities					
Short-term investments	$ 58,095,162	$ 58,095,162	$ -	$ -	$ -
Government securities	40,845,375	40,845,375	-	-	-
Corporate bonds	12,893,475	-	12,893,475	-	-
Domestic common stocks	141,295,641	67,058,864	-	-	74,236,777
Foreign common stocks	122,646,637	2,893,903	-	-	119,752,734
Total securities	375,776,290	168,893,304	12,893,475	-	193,989,511
Private equity					
Venture capital/buy-out	73,183,912	-	-	73,183,912	-
Special situations	9,713,603	-	-	9,713,603	-
Total private equity	82,897,515	-	-	82,897,515	-
Real assets					
Real estate	13,946,183	-	-	13,946,183	-
Natural resources	31,809,159	-	-	31,809,159	-
Total real assets	45,755,342	-	-	45,755,342	-
Diversifying assets					
Absolute return Strategies	10,014,053	-	-	-	10,014,053
Direct lending	11,965,865	-	-	11,965,865	-
Equity long/short	90,621,627	-	-	-	90,621,627
Global macro	107,617	-	-	-	107,617
Distressed	52,079,468	-	-	25,200,540	26,878,928
Short credit	629,055	-	-	-	629,055
Total diversifying assets	165,417,685	-	-	37,166,405	128,251,280
Other investments	629,000	-	629,000	-	-
Beneficial interest in lead and remainder trusts	7,899,744	-	-	7,899,744	-
Beneficial interest in perpetual trusts	10,793,901	-	-	10,793,901	-
	$ 689,169,477	$ 168,893,304	$ 13,522,475	$ 184,512,907	$ 322,240,791
Liabilities					
Fair value of interest rate swap	$ (13,310,013)	$ -	$ (13,310,013)	$ -	$ -

NOTE 14 - DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

	2017				
	Fair Value	Level 1	Level 2	Level 3	NAV
Assets					
Securities					
Short-term investments	$ 43,458,835	$ 43,458,835	$ -	$ -	$ -
Government securities	21,353,366	21,353,366	-	-	-
Corporate bonds	13,370,018	-	13,370,018	-	-
Domestic common stocks	134,945,507	66,547,446	-	-	68,398,061
Foreign common stocks	122,807,244	4,746,912	-	-	118,060,332
Total securities	335,934,970	136,106,559	13,370,018	-	186,458,393
Private equity					
Venture capital/buy-out	70,931,275	-	-	70,931,275	-
Special situations	4,980,813	-	-	4,980,813	-
Total private equity	75,912,088	-	-	75,912,088	-
Real assets					
Real estate	11,406,498	-	-	11,406,498	-
Natural resources	24,825,296	-	-	24,825,296	-
Total real assets	36,231,794	-	-	36,231,794	-
Diversifying assets					
Absolute return Strategies	9,799,329	-	-	-	9,799,329
Direct lending	10,293,732	-	-	10,293,732	-
Equity long/short	103,423,971	-	-	-	103,423,971
Global macro	200,027	-	-	-	200,027
Distressed	48,913,401	-	-	21,709,662	27,203,739
Short credit	695,042	-	-	-	695,042
Total diversifying assets	173,325,502	-	-	32,003,394	141,322,108
Other investments	629,000	-	629,000	-	-
Beneficial interest in lead and remainder trusts	8,751,527	-	-	8,751,527	-
Beneficial interest in perpetual trusts	10,467,203	-	-	10,467,203	-
	$ 641,252,084	$ 136,106,559	$ 13,999,018	$ 163,366,006	$ 327,780,501
Liabilities					
Fair value of interest rate swap	$ (16,182,083)	$ -	$ (16,182,083)	$ -	$ -

(Continued)

NOTE 14 - DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	2018				
	Private Equity	Real Assets	Diversifying Assets	Beneficial Interest in Lead and Remainder Trusts	Beneficial Interest in Perpetual Trusts
Beginning balance	$ 75,912,088	$ 36,231,794	$ 32,003,394	$ 8,751,527	$ 10,467,203
Total realized/unrealized gains	9,892,421	7,592,214	4,959,798	-	-
Purchases	20,399,209	22,878,679	4,782,578	-	-
Settlements	(23,306,203)	(20,947,345)	(4,579,365)	-	-
Payment received	-	-	-	(628,695)	-
Change in value of split-interest agreements	-	-	-	(223,088)	326,698
	$ 82,897,515	$ 45,755,342	$ 37,166,405	$ 7,899,744	$ 10,793,901

	2017				
	Private Equity	Real Assets	Diversifying Assets	Beneficial Interest in Lead and Remainder Trusts	Beneficial Interest in Perpetual Trusts
Beginning balance	$ 81,528,653	$ 32,725,125	$ 18,953,162	$ 9,992,206	$ 10,015,196
Total realized/unrealized gains	6,540,197	6,909,477	3,508,707	-	-
Purchases	12,649,095	8,816,920	11,006,261	-	-
Settlements	(24,805,857)	(12,219,728)	(1,464,736)	-	-
Payment received	-	-	-	(588,694)	-
Change in value of split-interest agreements	-	-	-	(651,985)	452,007
	$ 75,912,088	$ 36,231,794	$ 32,003,394	$ 8,751,527	$ 10,467,203

As of June 30, 2018 and 2017, the unrealized loss still held in Level III investments was $26,833,125 and $29,111,216, respectively.

(Continued)

NOTE 14 - DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following table presents information regarding funds with fair value that is determined using the net asset value (or its equivalent) provided by the fund as the practical expedient:

	2018			
	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Domestic common stocks (a)	$ 74,236,777	$ -	Daily to annually	1-90 days
Foreign common stocks (b)	119,752,734	-	Daily to 3 years	1-90 days
Diversifying assets (c)	128,251,280	-	Monthly to 3 years	30-90 days
	$ 322,240,791	$ -		

	2017			
	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Domestic common stocks (a)	$ 68,398,061	$ -	Daily to annually	1-90 days
Foreign common stocks (b)	118,060,332	-	Daily to 3 years	1-90 days
Diversifying assets (c)	141,322,108	-	Monthly to 3 years	30-90 days
	$ 327,780,501	$ -		

(a) Domestic common stock investments are held in commingled funds. Their underlying assets are daily priced and traded public equities; however, trades in and out of the investment vehicle are executed at net asset value (NAV) using the market approach. Redemption frequency for these commingled funds is typically monthly or quarterly.

(b) Foreign common stock investments are held in commingled funds. Their underlying assets are daily priced and traded public equities; however, trades in and out of the investment vehicle are executed at NAV, using the market approach. Redemption frequency for these commingled funds is typically monthly.

(c) Diversifying assets consist of long/short equity funds and hedge funds that invest across the capital structure or exclusively in credit. Diversifying assets maintains residual exposure to global macro funds that are in the process of being terminated. Underlying public equity positions are generally valued using market quotes and public credit positions are generally valued using dealer pricing. Private equity and credit positions are generally valued based on the respective manager's valuation policy. Investments within diversifying assets are generally structured as comingled funds with redemption periods ranging from monthly to rolling three-year periods, with various lock-ups.

SUPPLEMENTARY INFORMATION

DEPAUW UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2018

Federal Grantor/Program Title	CFDA Number	Identifying Number	Amount
Student Financial Assistance Cluster:			
U.S. Department of Education			
Federal Supplemental Educational Opportunity Grant	84.007		$ 206,600
Federal Work Study Program	84.033		397,183
Federal Perkins Loan Program	84.038		5,683,561
Federal Pell Grant Program	84.063		1,882,912
Federal Direct Student Loan Program	84.268		10,706,006
Total Student Financial Assistance Cluster			18,876,262
Research and Development Cluster:			
National Science Foundation			
Research in Undergraduate Institutions, Division of Physics - Nuclear Precision Measurements	47.049	PHY-1714461	12,460
Office of Advanced Cyberinfrastructure Campus Cyberinfrastructure	47.070	OAC-1659259	4,470
Division of Undergraduate Education, Improving Undergraduate STEM Education	47.076	DUE-1611663	71,663
			88,593
Department of Health and Human Services			
Enhancing Development Biology Research at Undergraduate Institutions, Academic Research Enhancement Award	93.865	1R15HD084262-01	65,894
Total Research and Development Cluster			154,487
National Endowment for the Arts			
Indiana Arts Commission and Arts Illiana, Regional Arts Partner Regional Partnership Initiative	45.024	APS-170002	1,231
Indiana Arts Commission and Arts Illiana, Regional Arts Partner Regional Partnership Initiative	45.024	APS-170009	1,231
Arts Midwest Touring Fund – Decoda	45.025	17-6100-2012	2,228
			4,690
National Endowment for the Humanities			
Division of Preservation and Access, Preservation Assistance Grant	45.149	PG-258302-18	5,778
Buffalo Philharmonic Orchestra Society, Inc.	45.164	GI-234935-16	41,424
			47,202
Institute of Museum and Library Services			
Museums for America	45.301	MA-31-16-0505-16	24,946
			$ 19,107,587

See accompanying notes to the schedule of expenditures of federal awards.

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the University under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the University

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, *Cost Principles for Educational Institutions* or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The University has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 2 - FEDERAL LOANS DISBURSED

The amount presented for Federal Perkins Loans represents loan balances outstanding at June 30, 2017 for which the government imposes continuing compliance requirements plus $832,035, the amount the University distributed in Perkins loans during the 2017-2018 award year. This included no new federal funds. The balance of outstanding Perkins loans at June 30, 2018 was $5,063,540.

The University also participates in the Federal Direct Student Loans Program, including Federal Stafford Loans (Stafford) and Federal PLUS Loans (PLUS). The dollar amounts are listed in the schedule of federal awards although the University is not the recipient of the funds. Such programs are considered a component of the student financial assistance cluster. New loans processed for students during the year ended June 30 were as follows:

	2018
Federal Direct Student Loans Program	
Stafford	
Subsidized	$ 3,222,359
Unsubsidized	2,953,788
PLUS	4,529,859
	$ 10,706,006

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
DePauw University
Greencastle, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of DePauw University ("University"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

(Continued)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
September 28, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Trustees
DePauw University
Greencastle, Indiana

Report on Compliance for Each Major Federal Program

We have audited DePauw University's ("University") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2018. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

(Continued)

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
September 28, 2018

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	_______ Yes	___X___ No
Significant deficiencies identified not considered to be material weaknesses?	_______ Yes	___X___ None Reported
Noncompliance material to financial statements noted?	_______ Yes	___X___ No

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	_______ Yes	___X___ No
Significant deficiencies identified not considered to be material weaknesses?	_______ Yes	___X___ None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	_______ Yes	___X___ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268	Student Financial Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee?	___X___ Yes	_______ No

(Continued)

SECTION 2 – FINDINGS RELATED TO THE FINANCIAL STATEMENTS THAT ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

None

SECTION 3 – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING AUDIT FINDINGS AS DEFINED IN 2CFR 200.516(a).

None

There were no findings for the year ended June 30, 2017.

Grantor/Program Title	Amount
Indiana Commission for Higher Education	
Freedom of Choice Award	$ 1,098,539
21st Century Scholars Award	241,311
	$ 1,339,850

**See schedule of expenditures of federal awards on page 31 for federal grant activity.

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APPENDIX C

FORM OF BOND COUNSEL OPINION

July _____, 2019

Indiana Finance Authority
Indianapolis, Indiana

DePauw University
Greencastle, Indiana

Raymond James & Associates, Inc.
Memphis, Tennessee

Wells Fargo Bank, N.A., as Trustee
Chicago, Illinois

Re: Indiana Finance Authority Educational Facilities Revenue Bonds, Series 2019 (DePauw University Project) (the "Series 2019 Bonds") issued pursuant to the Trust Indenture dated as of June 15, 2019 (the "Indenture"), between the Indiana Finance Authority (the "Authority") and Wells Fargo Bank, N.A., as trustee (the "Trustee"), which Indenture contains an assignment of the Authority's rights under the Loan Agreement dated as of June 15, 2019 (the "Loan Agreement"), between the Authority and DePauw University (the "Borrower"), and the Series 2019 Note of the Borrower dated the date hereof (the "Series 2019 Note") issued pursuant to the Loan Agreement; Total issue $____________.

Ladies and Gentlemen:

In delivering our opinion, we have examined and relied upon a certified transcript of proceedings and other certificates and representations of the Borrower and the Authority, including the Borrower's Tax Representation Certificate and the Authority's Certificate Re: Arbitrage (collectively, the "Tax Covenants"), and have not undertaken to verify any facts by independent investigation.

We have also examined Indiana Code 5-1.2, as supplemented and amended, and such other provisions of the constitution and laws of the State of Indiana (the "State") as we have deemed relevant and necessary as a basis for the opinions set forth herein.

Based on the foregoing and our review of such other information, papers and documents as we believe necessary or advisable, we are of the opinion that:

1. The Loan Agreement has been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery thereof by the other party thereto, is a valid and binding agreement of the Authority, enforceable against the Authority in accordance with its terms.

2. The Indenture has been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery thereof by the other party thereto, is a valid and binding agreement of the Authority, enforceable against the Authority in accordance with its terms.

3. The Series 2019 Bonds have been duly authorized, executed and issued and are valid and binding limited obligations of the Authority, enforceable in accordance with their terms.

4. Under existing laws, regulations, judicial decisions and rulings, the interest on the Series 2019 Bonds is excludable from income taxation in the State. This opinion relates only to the tax exemption of interest on the Series 2019 Bonds from State income taxes.

5. Under existing laws, regulations, judicial decisions and rulings, the interest on the Series 2019 Bonds is excludable from gross income pursuant to Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date hereof (the "Code"), for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax. This opinion is conditioned on continuing compliance by the Borrower and the Authority with the Tax Covenants. Failure to comply with the Tax Covenants could cause interest on the Series 2019 Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue.

It is understood that the rights of the owners of the Series 2019 Bonds, the Authority, the Trustee and the Borrower and the enforceability of the Series 2019 Bonds, the Indenture and the Loan Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore and hereafter enacted to the extent constitutionally applicable and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity. It is understood that the rights of the owners of the Series 2019 Bonds, the Authority, the Trustee and the Borrower and the enforceability of the Series 2019 Bonds, the Indenture and the Loan Agreement may be subject to the valid exercise of the constitutional powers of the State and the United States of America.

Very truly yours,

APPENDIX D

DESCRIPTION OF PRIOR PROJECTS

The Prior Projects refinanced by the Series 2019 Bonds are comprised of the following:

A portion of the proceeds of the Series 2009 Bonds was utilized to refinance draws made on a line of credit extended by The Northern Trust Company. The draws on the line were utilized exclusively to finance certain capital projects for the Borrower, including (i) a portion of the costs of the construction and renovation of the Green Center for the Performing Arts, (ii) the construction of the Prindle Ethics Institute, (iii) the construction of the Reflection Center, (iv) the installation of fire safety projects throughout various campus housing facilities, (v) the renovation of Roy O. West Library elevator and HVAC systems, and (vi) various other deferred maintenance capital projects on the Borrower's campus.

A portion of the proceeds of the Series 2009 Bonds was utilized for the current refunding of the Indiana Educational Facilities Authority Educational Facilities Revenue Bonds, Series 1999 (DePauw University Project), which bonds were utilized to refinance (i) the construction of an approximately 110,000 square foot Physical Education and Recreation Center, (ii) the renovation of East College, (iii) the renovation of the Student Union Building, (iv) the expansion and improvement of intramural and intercollegiate athletic facilities, (v) the renovation of dormitory buildings, and (vi) various other capital improvements on the Borrower's campus.

A portion of the proceeds of the Series 2009 Bonds was utilized for the current refunding of the Indiana Finance Authority Variable Rate Demand Educational Facilities Revenue Bonds, Series 2008B (DePauw University Project), which bonds were utilized to finance or refinance (i) the construction, expansion, renovation and equipping of the Julian Science and Math Center, (ii) the construction and equipping of the Borrower's indoor tennis and track center, (iii) the renovation of three of the South Quad residence halls, including Bishop Roberts Hall, Longden Hall and Hogate Hall, (iv) the construction of a new facade for the Roy O. West Library and other Library renovations, including the construction and installation of the Holton Quad in front of the main entryway to the Library, (v) improvements to East College, (vi) improvements to Asbury Hall, (vii) upgrades to various alternative student housing facilities, (viii) the expansion of the stage in the Performing Arts Center to accommodate a new pipe organ, (ix) improvements to the entryway and the roof of the Lilly Center, (x) the installation of new surface parking lots with approximately 132 new spaces, (xi) the implementation of various other campus wide improvements pursuant to the Borrower's campus master plan, including paving, signage, parking and related improvements, (xii) the construction of the Physical Education and Recreation Center (known as Lilly Center), (xiii) additional renovations of East College, (xiv) the construction and equipping of the dormitory facility known as Humbert Hall, (xv) the construction and equipping of the Center for Contemporary Media, (xvi) the construction of the Heat Plant Building, (xvii) the construction of the Service Center Building, (xviii) the construction and equipping of apartment-style townhouses known as Rector Village, (xix) the construction and equipping of five new duplexes, (xx) the expansion, renovation and equipping of the Performing Arts Center, including an approximately 50,000 square foot addition, (xxi) the renovations of Lucy Rowland Hall and Mason Hall, including the installation of sprinkler systems and the replacement of HVAC Systems, and (xxii) the installation of various other HVAC, sprinkler system and elevator improvements throughout various campus facilities.

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INDIANA FINANCE AUTHORITY • EDUCATIONAL FACILITIES REVENUE BONDS, SERIES 2019 (DEPAUW UNIVERSITY PROJECT)

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