Carnegie Mellon

Annual

Report

Fiscal

Year

1999

2000

Carnegie Mellon

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On the Cover

Newell-Simon Hall

Photo by Ken Andreyo

From the President

Carnegie Mellon's strategic plan, introduced in 1998, laid out a blueprint for the university to pursue its vision of leadership in higher education.

Over the past year, the university has been vigorously implementing the initiatives outlined in that plan.

In the area of information technology, for example, we have taken major steps to fortify and enhance our leadership position in higher education. Long recognized as one of the pioneers in developing campus computing environments, Carnegie Mellon is again taking the lead as computing becomes increasingly mobile and pervasive.

The university has introduced a wireless computing network, enabling students, faculty and staff to connect to the network from anywhere on campus. Building on the foundation of research being done in the world-class School of Computer Science, we have a sophisticated computing environment that may be the most comprehensive on any university or college campus.


Jared L. Cohon

Major initiatives related to computing and technology can be found across the campus. A new master's degree program in entertainment technology merges the university's strengths in computing with its renowned capability in the arts in a new way. Already recognized as a world leader in computer security, we have moved to expand this capability to further enhance our preeminent position in this increasingly important field. With a new $45 million grant from the National Science Foundation, the Pittsburgh Supercomputing Center, a joint program of Carnegie Mellon, the University of Pittsburgh and Westinghouse Corporation, will build with Compaq the most powerful computer available for public use and manage it for researchers across the country.

The university's reputation in computing has enabled us to pursue new partnerships in Silicon Valley and India. We have joined with NASA at its facility in Mountainview, Calif., to explore the introduction of educational and research programs in Silicon Valley, and we are investigating new ventures in India and other parts of the world.

We have also accelerated our efforts in educational uses of computing. With the establishment of a new Office of Technology for Education and the appointment of a new director, we have made a renewed commitment to exploration of the effective use of technology in the classroom. Through Carnegie Technology Education, a non-profit subsidiary, we have sought to address the worldwide shortage of technology professionals. We have adapted our leading-edge computing curriculum to meet the needs of students in partner institutions such as community colleges and corporations in the U.S. and elsewhere, offering a certificate program that prepares students for a career in the technology field.

Just as Carnegie Mellon strategically sought and obtained a leadership position in information technology over the last half of the 20th century, it enters the new century with a goal to be a major player in the emerging and critical field of biotechnology. The university hopes to pair its strengths with those of the University of Pittsburgh to create a powerful strategic partnership. These two institutions, next-door neighbors in Pittsburgh's Oakland section, offer intellectual firepower in close proximity that is not found in any other city. The University of Pittsburgh medical school ranks among the very best in the world. And Carnegie Mellon brings world-class computer science and engineering capability to this initiative.

This strategic thrust again builds on existing strengths and a solid foundation. Carnegie Mellon and the University of Pittsburgh have long-established, nationally recognized partnerships in the Pittsburgh Supercomputing Center and the pioneering Center for the Neural Basis of Cognition. In a mutually beneficial collaboration, our two universities can establish Pittsburgh as an international center in areas of biotechnology such as tissue and organ engineering, development of cancer drugs and software and therapeutics for mental disorders.

The competition is stiff and the cost of investing in biotechnology research is huge. But the potential for our universities and our region is enormous, and we are committed to marshaling the resources needed to pursue a leading role in this “century of biology.”

Information technology and biotechnology are just two examples of directions and initiatives outlined in our strategic plan. A strategic focus has historically been the catalyst for developments at our university and it continues to be central to all we do.

We have forged a clear path for the future. Now we must race down that path, periodically measuring our progress and our direction, toward a vision of leadership in higher education.

No university came as far as fast as Carnegie Mellon in the 20th century. Our innovative nature, our entrepreneurial spirit, our driving desire to succeed, always to do more and better, promise to rapidly propel us again through a new century of achievement.

Jared L. Cohon
President, Carnegie Mellon University
October 19, 2000

Financial Highlights

Financial Highlights of Fiscal Year 2000

- Operating revenues and expenses balanced with an operating surplus targeted toward capital requirements
- Total assets at year-end increased to $1.63 billion with net assets increasing by 6.7% to $1.23 billion
- The endowment fund increased by 15.3% to $829.1 million, net of investment return, gifts and income distributed to operations
- Contributions totaled $57.3 million
- Capital expenditures were $47.6 million

Introduction

As Carnegie Mellon closed the books for fiscal year 2000, it was interesting to reflect back on Andrew Carnegie's investment of $1 million in November 1900 to create a trade school, Carnegie Technical Schools, that would serve the children of Pittsburgh's steelworkers and coal miners. During the ensuing 100 years, Carnegie Technical Schools has been transformed into a distinctive research university. Carnegie Mellon is now ranked among the best national universities, with many of its programs and research centers ranked among the top 10. In comparison to these top universities, Carnegie Mellon is among the smallest and youngest.

The university's core values, including a tradition of innovation and a discipline to remain focused on a limited set of priorities, have allowed it to accomplish big things with fewer resources. The university has a longstanding tradition of working across academic boundaries to leverage its limited resources. Its tradition of innovation has been matched by an institutional willingness to assume risks in charting new paths of study and discovery. These core values and characteristics are reflected in Carnegie Mellon's strategic plan, which is now well into implementation.

Likewise, the strategic plan is very much reflected in the financial results presented for fiscal year 2000. It is reflected in terms of investments in new initiatives, resulting revenues and growth in net assets. The university's vision is ambitious in contrast to its size and resources. Despite this contrast, Carnegie Mellon has completed fiscal year 2000 making significant progress toward its objectives and further strengthening its financial base.

Review of Balance Sheet

Total assets at June 30, 2000 were $1.63 billion, 5.0% higher than June 30, 1999. Investments, which are composed primarily of the endowment, plant reserves and temporarily restricted gifts, have grown by 12.3% to $1.02 billion. Cash and cash equivalents declined by 13.4%, resulting from the use of cash held from a debt issue in fiscal year 1999 for designated capital projects that were undertaken in fiscal year 2000. Land, buildings and equipment, net of depreciation, increased by 1.5% to $419.7 million. Pledges receivable, discounted to present value of future cash flows, declined by 30.4% to $39.9 million as significant outstanding pledge payments from the capital campaign were received during the year.

Long-term debt, which represents 71.4% of total liabilities, was $281.3 million at June 30, 2000. The reduction of $3.1 million in debt is primarily due to principal and capital lease payments during the year. Total net assets increased by $77.5 million or 6.7% in fiscal year 2000, with unrestricted net assets increasing by $34.0 million or 5.8%. The increase in net assets resulted principally from non-operating activities, including net gains on investments.

Endowment: The earnings from the endowment provide Carnegie Mellon with institutional resources that are applied to a variety of activities and programs, ranging from the university's general operations to specific purposes, such as programs, scholarships and professorships. One of the university's goals within the strategic plan is to strengthen its financial position in order to better support its mission-related strategic thrusts. Increasing the size of the endowment is a key strategy to that end.

The Investment Committee of the Board of Trustees directs the management of the endowment. It determines investment objectives and strategies and appoints investment management firms to implement the committee's strategies. The key tenets of the committee's endowment investment strategy are: (a) maintain a high allocation to asset types with high expected returns; and (b) diversify the endowment broadly across different asset types with moderate and low correlation to control volatility. During fiscal year 2000, the university hired Wilshire Associates to assist the administration and the Investment Committee in evaluating its asset allocation policy. The Committee refined its allocation policy, increasing its equity exposure to 73% of the total portfolio, with a corresponding reduction in fixed income and cash holdings. Private equity holdings will be increased slightly.

The market value of the endowment grew from $719.3 million to $829.1 million during fiscal year 2000. This growth included gifts and other additions of $67.1 million, along with investment return of $77.9 million. These additions were offset by $35.2 million in income distributed for operating purposes. Of the $35.2 million distributed, 28% was used for professorships, 26% for scholarships and the remainder for programmatic support.

The endowment's total investment return of 10.9% (net of fees) for the year reflects the diverse returns of the capital markets during this period. The university's benchmark return (50% Wilshire 5000, 23% MSCI ACWI Free X-US, 27% Lehman Aggregate) was 9.9%. The rate of net earnings distributed to fund university operating expenses was 4.7% of average endowment market value for the year.

Additions to Buildings and Equipment: Two major building projects were completed during fiscal year 2000: the Purnell Center for the Arts and Newell-Simon Hall for the School of Computer Science. Gross additions to capital assets were valued at $49.5 million, including gifts in kind of $1.9 million resulting in cash expenditures for capital assets of $47.6 million. These additions are offset by $43.3 million in depreciation and disposals, resulting in a net increase in capital assets of $6.2 million. Capital expansion and investments in the renewal of our physical plant are accomplished through a combination of prudent debt financing, aggressive fund raising and funding from operations. Significant expenditures for construction included: $3.3 million for Purnell Center for the Arts; $6.2 million for Newell-Simon Hall; $4.9 million for an addition to Baker Hall; and $3.3 million for an addition to Posner Hall. Expenditures for movable equipment totaled $21.1 million in fiscal year 2000.

Long-term Debt: External debt outstanding at June 30, 2000 was $281.3 million. Carnegie Mellon issued $88.0 million of new tax-exempt bonds in fiscal year 1999. These bonds mature in 2033. Draws were made in fiscal year 1999 and fiscal year 2000 of $55.7 million and $28.8 million, respectively, to fund capital expenditures related to new buildings, additions, renovations and capital equipment as noted above. The remaining funds will support major capital investments scheduled for fiscal year 2001.

Management forecasts that current revenues will be sufficient to pay principal and interest on Carnegie Mellon's existing outstanding debt.

Review of Operating Highlights

Carnegie Mellon's core operations evidenced strong financial performance during fiscal year 2000. The primary operating activities are teaching, research and related support services. Primary sources of operating revenue include tuition, sponsored research, income distributed from the endowment, and gifts and grants.

Total operating revenue and support for 2000 were $469.3 million, an increase of 9.6% from 1999. Operating expenses in fiscal year 2000 were $459.9 million, resulting in an increase in unrestricted net assets from operations of $9.4 million. The operating surplus has been targeted to fund strategic capital requirements.

Revenues: The mission-specific operating revenues of net tuition and sponsored research had an increase of 12.7% and 3.9%, respectively. Net tuition includes undergraduate and graduate tuition and fees offset by internally and externally funded financial aid. Growth in net tuition was the result of increasing enrollment, increasing tuition by 4.8% and controlling growth in financial aid. Increasing enrollment was achieved through planned growth in selected areas and continued improvement in student retention rates. Demand for both undergraduate and graduate programs remained strong in fiscal year 2000, resulting in more selective admissions and continued strength in our students' academic qualifications.

Sponsored research includes direct and indirect cost recoveries on government and industry-sponsored research. (See Note H, Sponsored Research, to the Financial Statements). The growth in research revenue is related to growth in industrial and other non-federal sources, with a slight decline in federal funding.

The university has identified four important educational and research areas in its strategic plan: information and communication technology; the environment; biotechnology and health policy; and fine arts and humanities. These strategic areas of focus are providing revenue growth. Below are a few examples of initiatives associated with the strategic areas of focus.

Carnegie Mellon's Software Engineering Institute renewed its contract with the Department of Defense for another five years. This contract represents $217.5 million in research revenue. The university has been notified that the Pittsburgh Supercomputing Center, a collaborative research center between Carnegie Mellon, the University of Pittsburgh and Westinghouse Corp., won the competition for the terascale computing project which will lead to the development of the largest computer in the world dedicated to open research. Funding for this project will result in $45 million in research revenue over the next three years. These awards, along with many contracts in engineering and computer science, reinforce the university's leadership position in the field of information technology and robotics.

The university received a private foundation grant to support the creation of the Center for the Arts in Society. In addition, a gift will be received in fiscal year 2001 that will provide an endowed fund to support initiatives across the humanities and arts. These initiatives will serve to significantly enrich the educational experience of all our students and strengthen the university's standing within the humanities and arts.

Carnegie Mellon is developing a collaborative plan with the University of Pittsburgh and its Medical Center aimed at combining our respective strengths in focused areas of biotechnology to achieve a leadership position in this highly competitive field. A grant jointly received by Carnegie Mellon and the University of Pittsburgh of $1.8 million will support brain imaging. Significant research efforts are also under way in the areas of bone tissue engineering, robotic surgery, computational biology and health policy.

Unrestricted contributions included in operating revenues were $18.9 million, down from fiscal year 1999 by $5 million. Fiscal year 1999 results included an extraordinary gift of $5 million. Unrestricted contributions include fund-raising gifts and grants for general operating purposes. Overall contributions, including gifts to the endowment and building projects, increased by $8.9 million.

Expenses: Operating expenses increased by 7.9%, from $426.2 million in 1999 to $459.9 million in 2000.

Growth in expenditures was planned in accordance with institutional priorities. The principal factors leading to increasing expenses include: growth in revenue based programs, and continued investments in academic programs, facilities, sponsored research and infrastructure. The university invested in a number of new programs and initiatives that were driven by the strategic plan: supporting faculty hires consistent with strategic areas of focus; developing multidisciplinary courses; seeding interdisciplinary research projects in the strategic areas of focus; initiating programs to promote increased diversity; investing in the campus computing infrastructure; establishing an office of Technology for Education; and implementing an employee development program.

In summary, Carnegie Mellon's financial performance was strong in fiscal year 2000. Although there continues to be significant pressures on expenses relating to programmatic initiatives and the operation and upkeep of our new buildings, the university remains committed to working within its budgetary limitations and maintaining a balanced operating position.

Progress on Administrative Initiatives

Restructuring the Plant Reserves: The Finance Committee of the Board of Trustees approved a recommendation to transfer approximately $112 million of long-term plant reserves into the long-term investment pool in order to improve the return on these assets. The transfer was partially completed in fiscal year 2000 and will be finalized in fiscal year 2001. In addition to restructuring the plant reserves, the university created a $40 million endowed fund to help address capital renewal and replacement requirements. The proceeds from the endowment will supplement funding from operations targeted at addressing deferred maintenance priorities.

Financial Management Project: The university went live on the Oracle financial applications in November 1999. Training has been provided to more than 750 campus users. While significant progress has been made in terms of the system implementation, three key issues remain to be addressed before the university can realize its vision of significantly enhancing the financial management capabilities in an efficient manner. The university must: 1) implement a new version of the Oracle applications that will address many of the gaps in the current version that have hindered progress: 2) continue to train and support campus business managers in order to improve their efficiency in using the system and thereby reduce current workload impacts of the implementation; and 3) continue to refine processes and procedures and evaluate the financial management structure in order to fully exploit the system capabilities.

Centennial Campaign: More than $355 million in gifts and pledges has been raised through June 30, 2000, exceeding our campaign goal of $350 million. The capital campaign will conclude at the end of calendar year 2000. The campaign's focus on increasing endowed professorships, scholarships and fellowships is significant in terms of providing long-term financial strength and flexibility for the university. Fundraising results have also contributed significantly to the university's ability to expand and improve its physical infrastructure. The campaign has been successful in significantly expanding our donor base and the level of giving from previous donors.

Financial Outlook: Fiscal year 2000 was successful programmatically and financially. The university's core activities of education and research continue to evidence strong demand as it looks to the future. Alumni and friends have been very generous in their support for the university. Carnegie Mellon will continue to focus its resources on selected priorities to improve its position as a leader among educational institutions.

Jeffrey W. Bolton
Chief Financial Officer
October 19, 2000

Facts & Figures

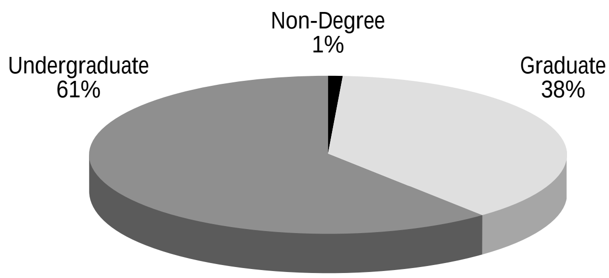
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
$ in millions										
Sponsored Research Revenue	$128	$137	$147	$151	$152	$165	$166	$170	$168	$175

	1996	1997	1998	1999	2000
Attendance Costs					
Undergraduate Tuition	$18,600	$19,400	$20,275	$21,275	$22,300
Room and Board	5,900	6,080	6,225	6,555	6,810
Financial Highlights:					
$ in millions					
Operating revenue by category					
Tuition and fees, net	$100	$109	$118	$132	$148
Sponsored research	165	166	170	168	175
Income on investments and cash equivalents	17	20	21	19	28
Contributions	31	17	23	24	19
Educational activities	10	15	12	9	15
Auxiliary services	29	29	30	30	31
Other sources	17	16	14	13	18
Net assets released from restrictions	24	24	28	33	35
Total	$393	$396	$416	$428	$469
Operating expenses by category					
Instruction and departmental research	$136	$143	$155	$167	$190
Sponsored research	133	127	139	143	147
Academic support	35	37	38	39	41
Student services	14	16	16	19	21
Administration and institutional support	27	25	28	29	30
Auxiliary services and activities	30	30	30	28	30
Provision for the present value of annuities	0	(1)	1	1	1
Total	$375	$377	$407	$426	$460

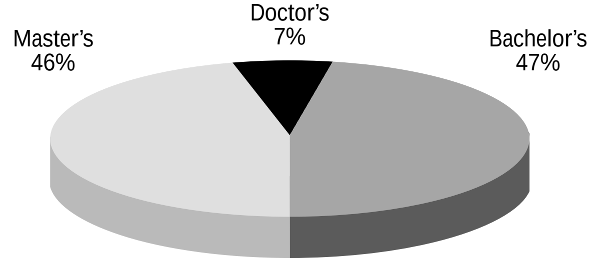
	1996	1997	1998	1999	2000
Undergraduate Admissions					
Applications	10,291	13,314	13,115	13,202	14,114
Acceptances	5,608	6,218	5,650	5,598	5,333
Matriculations	1,237	1,384	1,270	1,308	1,254
Enrollment					
Undergraduate	4,572	4,823	4,876	5,050	5,136
Graduate	2,660	2,809	2,894	3,013	3,174
Non-Degree	135	126	142	122	126
Total Enrollment	7,367	7,758	7,912	8,185	8,436

Selected Charts:

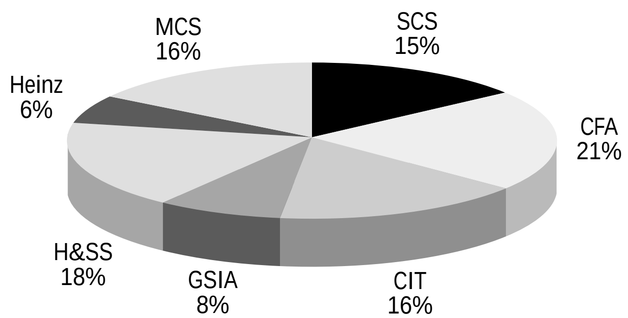
Fall 1999 Enrollment Headcount by Class
(Total = 8,436)



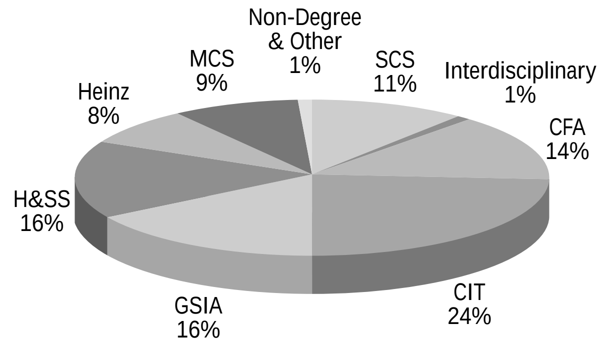
Degrees Granted
(Total = 2,163)



Academic Faculty by College
(Total = 1,208)



Fall 1999 Enrollment Headcount by College/School
(Total = 8,436)



Audited Consolidated Financial Statements

To the Board of Trustees
Carnegie Mellon University and Subsidiaries
Pittsburgh, Pennsylvania

We have audited the accompanying consolidated statements of financial position of Carnegie Mellon University and subsidiaries as of June 30, 2000 and 1999, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the university's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Carnegie Mellon University and subsidiaries as of June 30, 2000 and 1999, and the changes in their net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Pittsburgh, Pennsylvania
October 19, 2000

Consolidated Statements of Financial Position

June 30, 2000 and 1999
($ in Thousands)

	2000	1999
Assets		
Cash and cash equivalents	$ 73,312	$ 84,608
Accrued interest and dividends	4,744	5,826
Accounts receivable, net (Note F)	40,623	53,123
Inventories, at cost	2,129	1,888
Prepaid and deferred charges	991	1,959
Pledges receivable (Note E)	39,942	57,413
Loans receivable (Note G)	15,411	15,072
Investments (Note C)	1,020,226	908,105
Other assets	11,897	9,571
Land, buildings and equipment, net (Note I)	419,717	413,493
Total assets	**$ 1,628,992**	**$ 1,551,058**
Liabilities		
Accounts payable and other liabilities	$ 40,587	$ 46,045
Deferred revenue	38,416	32,554
Federal loan programs	15,254	14,822
Present value of future annuities payable	18,500	15,820
Long-term debt (Note J)	281,329	284,416
Total liabilities	**394,086**	**393,657**
Net assets		
Unrestricted	40,931	40,566
Designated for plant activities	127,306	132,439
Unrestricted endowment (Note D)	308,220	251,979
Net investment in plant	146,303	163,809
Total unrestricted net assets	**622,760**	**588,793**
Accumulated endowment gains (Note D)	289,516	261,966
Pledges receivable	23,281	39,738
Life income funds	11,803	11,057
Other funds for operations	33,822	28,994
Total temporarily restricted net assets	**358,422**	**341,755**
Permanent endowment (Note D)	231,385	205,375
Pledges receivable	16,661	17,675
Life income and other funds	5,678	3,803
Total permanently restricted net assets	**253,724**	**226,853**
Total net assets	**1,234,906**	**1,157,401**
Total liabilities and net assets	**$ 1,628,992**	**$ 1,551,058**

See notes to consolidated financial statements.

Consolidated Statements of Activities

For the Years Ended June 30, 2000 and 1999
($ in Thousands)

	2000	*1999*
Changes in unrestricted net assets:		
Operating revenue and support:		
Tuition and fees, net of financial aid	$148,279	$131,607
Sponsored research (Note H)	174,703	168,104
Income on investments and cash equivalents	28,334	19,365
Contributions (Note E)	18,862	23,879
Educational activities	14,528	8,817
Auxiliary services	31,255	29,568
Other sources	18,539	13,265
Net assets released from restrictions	34,826	33,452
Total operating revenue and support	**469,326**	**428,057**
Operating expenses:		
Instruction and departmental research	190,288	167,069
Sponsored research	147,012	143,311
Academic support	41,036	38,671
Student services	20,411	19,336
Administration and institutional support	30,346	29,436
Auxiliary services and activities	30,313	27,739
Provision for the present value of annuities	516	651
Total operating expenses	**459,922**	**426,213**
Increase in unrestricted net assets from operations	**9,404**	**1,844**
Nonoperating activities:		
Net realized gains on investments	20,992	18,526
Unrealized (depreciation)/appreciation on investments	(1,594)	1,827
Other sources	(5,249)	(1,327)
Net assets released from restrictions	10,414	–
Increase in unrestricted nonoperating activities	**24,563**	**19,026**
Increase in unrestricted net assets	**33,967**	**20,870**
Changes in temporarily restricted net assets:		
Contributions and decrease in pledges receivable (Note E)	12,002	15,865
Income on investments	9,920	13,184
Net realized gains on investments	39,127	28,327
Unrealized (depreciation)/appreciation on investments	(2,832)	3,964
Other sources	3,690	257
Net assets released from restrictions	(45,240)	(33,452)
Increase in temporarily restricted activities	**16,667**	**28,145**
Changes in permanently restricted net assets:		
Contributions and decrease in pledges receivable (Note E)	26,444	8,696
Investment income and gains reinvested	427	1,111
Increase in permanently restricted net assets	**26,871**	**9,807**
Increase in net assets	**$ 77,505**	**$ 58,822**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For the Years Ended June 30, 2000 and 1999
($ in Thousands)

	2000	*1999*
Cash flows from operating activities:		
Increase in net assets	$ 77,505	$ 58,822
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Realized gains on sales of investments	(60,119)	(46,853)
Unrealized depreciation/(appreciation) on investments	4,426	(5,791)
Depreciation	41,181	40,325
Gifts in kind	(1,857)	(3,740)
(Gain)/loss on equipment dispositions	(192)	1,810
Contributions for land, buildings, equipment and permanent endowment	(35,052)	(14,971)
Decrease/(increase) in accrued interest and dividends	1,082	(1,092)
Decrease/(increase) in accounts receivable	12,500	(16,614)
(Increase)/decrease in inventories	(241)	187
Decrease/(Increase) in prepaid and deferred charges	968	(276)
Decrease in pledges receivable	17,471	4,639
(Increase)/decrease in other assets	(2,326)	3,600
(Decrease)/increase in accounts payable and other liabilities	(5,458)	5,785
Increase/(decrease) in students and other deposits	432	(2,469)
Increase in deferred revenue	5,862	11,225
Change in present value of annuities	2,680	(103)
Other, net	(483)	0
Net cash provided by operating activities	**58,379**	**34,484**
Cash flows from investing activities:		
Proceeds from sale and maturity of investments	1,940,989	1,705,749
Purchases of investments	(1,997,417)	(1,727,587)
Purchases of land, buildings and equipment	(47,658)	(68,274)
Proceeds from sale of land, buildings and equipment	2,285	99
Disbursements of loans to students	(3,132)	(5,301)
Repayments of loans from students	2,793	4,599
Net cash used for investing activities	**(102,140)**	**(90,715)**
Cash flows from financing activities:		
Proceeds from issuance of indebtedness	0	88,950
Repayments of principal of indebtedness	(2,587)	(2,821)
Contributions for land, buildings, equipment and permanent endowment	35,052	14,971
Net cash provided by financing activities	**32,465**	**101,100**
Net (decrease)/increase in cash and cash equivalents	**(11,296)**	**44,869**
Cash and cash equivalents at beginning of year	**84,608**	**39,739**
Cash and cash equivalents at end of year	**$ 73,312**	**$ 84,608**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

June 30, 2000 and 1999

Note A—Carnegie Mellon

Carnegie Mellon University (Carnegie Mellon) is a private, not-for-profit educational and research institution. Carnegie Mellon enrolls about 8,400 students and grants approximately 2,200 bachelor's, master's and doctor's degrees each year. (Approximately 91% of undergraduate students are from the United States. International students comprise 9% of undergraduate, 34% of master's and 56% of Ph.D. students.)

A substantial portion of Carnegie Mellon's revenues is from sponsored research under federal, state, industrial and other contracts.

Note B—Summary of Significant Accounting Policies

Basis of Accounting and Reporting

The accompanying consolidated financial statements have been prepared on the accrual basis.

The consolidated financial statements of Carnegie Mellon include the accounts of the university and its wholly owned subsidiaries. The accounts of the wholly owned subsidiaries are not significant; intercompany transactions have been eliminated in consolidation.

Carnegie Mellon's net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets — Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets — Net assets subject to donor-imposed or legal stipulations that may or will be met either by actions of Carnegie Mellon and/or the passage of time.

Permanently restricted net assets — Net assets subject to donor-imposed stipulations that the assets be maintained permanently. Generally, the donors of these assets permit Carnegie Mellon to use all or part of the income earned on the related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets are reported as net assets released from restrictions between applicable classes of net assets.

Income and realized net gains and losses on investments are reported as follows:

- As changes in permanently restricted net assets if so restricted by the donor;
- As changes in temporarily restricted net assets if the terms of the gift or relevant state law impose restrictions on the use of the income or gains and losses; and
- As changes in unrestricted net assets in all other cases.

The federal loan program fund balance and certain benefits reserves are classified as liabilities.

Equity securities with readily determinable fair values and all debt securities are measured at fair value with gains and losses reported in the statement of activities.

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to Carnegie Mellon, the internal operating accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified into funds that are in accordance with activities or objectives specified. These financial statements, however, have been prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions.

Contributions with Restrictions Met in the Same Year

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the temporarily restricted net asset class, and a release of restriction is made to unrestricted net assets to reflect the satisfaction or expiration of such restrictions.

Contributions for Plant Activities

Donors' contributions to fund construction projects are classified as temporarily restricted net assets until the facility is placed in service. At that time, the temporarily restricted net assets are released from restriction and replenish unrestricted net asset balances designated for plant activities.

Operations

Revenues received and expenses incurred in conducting the programs and services of Carnegie Mellon are presented in the financial statements as operating activities. Nonoperating results include realized and unrealized gains and losses due to investment results. Unusual expenses and additions are also recorded as nonoperating. In addition, net assets released from donor restrictions for buildings are released into nonoperating activities when the building is put into service.

Cash Equivalents

Cash equivalents include U.S. treasury obligations, commercial paper and corporate notes with maturities of three months or less, except that such instruments purchased with endowment and annuity and life income assets on deposit with trustees are classified as investments.

Investments

Debt and equity securities held by Carnegie Mellon are carried at market values as established by the major securities markets. Diversified, nonliquid holdings are carried at market values based upon financial information provided by the portfolio managers. Investments received as a gift are reflected as contributions at their fair market value at the date of the gift.

Endowment

Investment policy for endowment assets is the responsibility of the Investment Committee of the Board of Trustees. Substantially all endowment assets are managed by outside investment managers and held in custody by an outside trustee.

Endowment net assets classified as unrestricted include Carnegie Mellon funds and unrestricted gifts from donors, and any accumulated income and appreciation thereon, which is intended to remain in the endowment for the long-term support of Carnegie Mellon activities but may be expended under Trustee authorization.

Temporarily restricted endowment net assets include certain expendable gifts, and any retained income and appreciation thereon, that are restricted by the donor to a specific purpose. When the temporary restrictions on these funds have been met, the gifts ordinarily remain in the endowment to continue supporting the same activities as those specified by the donors, however, by Trustee designation, the funds are reclassified to unrestricted endowment net assets. This classification also includes all expendable, accumulated appreciation of $290 million and $262 million on permanent endowment assets as of June 30, 2000 and 1999 respectively. The Trustees of Carnegie Mellon must authorize release of endowment gains from temporarily restricted to unrestricted net assets according to Pennsylvania law.

Permanently restricted endowment net assets include those assets that must be invested in perpetuity to provide a permanent source of income.

All endowment funds participate in a Carnegie Mellon investment pool. The investment pool provides income to its respective participants. Such income is used for the specific purpose prescribed by the donor or, if the purpose was not prescribed by the donor, the income is deemed unrestricted and used for general purposes. New endowment funds or additions to existing funds are assigned shares in the investment pool based upon the per share market value at the end of the previous quarter. Income distributions from the investment pool are based upon the earnings per share of the pool and the number of shares held by each participant at the beginning of the quarter. Income distributions from the investment pool are based upon the "total return concept." The annual income distributed from the investment pool includes interest and dividends and could include a portion of the accumulated capital gains. Any capital gains not distributed currently are reinvested in the investment pool and are available for distribution from the endowment assets in future years.

Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost at the date of acquisition or, if acquired by gift, at the estimated fair market value as of the date of the gift. Additions to plant assets are capitalized while scheduled maintenance and minor renovations are charged to operations. Plant assets are reflected net of accumulated depreciation calculated on a straight-line basis over the estimated economic lives. In addition, depreciation and operation and maintenance of plant expenses are allocated either directly or based on square footage to the functional expense and categories.

Reclassifications

Certain 1999 amounts have been reclassified to conform with the 2000 presentation.

Fair Value

For all debt instruments, fair value approximates book value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

New Accounting Standards

In June 1998, SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" was issued. SFAS No. 133 (as amended by SFAS No. 137) is effective for fiscal first quarters of fiscal years beginning after June 15, 2000. The university has not yet determined the effect of this standard on its financial reporting.

In June 1999, SFAS No. 136 "Transfers of Assets to a Non-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others" was issued. SFAS No. 136 is effective for fiscal periods beginning after December 15, 1999. The university believes this standard will not have a significant effect on its financial reporting.

Note C—Investments

Investments by major category at June 30, 2000 and 1999 follow:

$ in thousands	2000	1999
Restricted cash and equivalents	$ 101,238	$ 32,610
Fixed income	328,960	371,248
Common stock	476,318	397,246
Other investments	113,710	107,001
Total	$1,020,226	$ 908,105

Nearly all fixed income securities are U.S. investment grade and high yield bonds, asset backed securities and United States Treasury and Agency obligations at June 30, 2000. At June 30, 1999 approximately 71% of fixed income securities were of the same nature. The remaining 29% of fixed income securities, at June 30, 1999, included non-U.S. investment grade and high yield bonds.

Common stock investments are comprised of approximately 52% domestic equities and 48% international and emerging market equities at June 30, 2000. At June 30, 1999 approximately 62% of common stock investments consisted of domestic equities while the remaining 38% included international and emerging market equities. Other investments are largely domestic investments in buyout funds, venture capital, hedge funds and real estate.

The allocation to each major category represents the actual allocation of all investment pools on a combined basis. Each investment pool maintains a unique investment strategy. Actual allocations on a combined basis should not be interpreted as investment allocation policy for a particular investment pool. In addition, the above asset category allocations do not reflect the effective allocation exposures resulting from investment strategies that include derivatives.

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30, 2000 and 1999:

2000

$ in thousands	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest	$28,334	$ 9,920	$427	$ 38,681
Net realized gains on sale of securities	20,992	39,127	0	60,119
Unrealized depreciation	(1,594)	(2,832)	0	(4,426)
Total return on investments	$47,732	$46,215	$427	$ 94,374

1999

$ in thousands	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest	$19,365	$13,184	$1,111	$ 33,660
Net realized gains on sale of securities	18,526	28,327	0	46,853
Unrealized appreciation	1,827	3,964	0	5,791
Total return on investments	$39,718	$45,475	$1,111	$ 86,304

In the management of the investments, Carnegie Mellon and certain of its outside investment managers purchase and sell derivative instruments. Derivatives are used to manage interest rate, foreign currency and market positions.

Carnegie Mellon's international portfolios maintain market benchmarks, for performance evaluation and risk control purposes, that are unhedged with respect to foreign currencies. Unhedged benchmarks reflect the full impact of foreign currency fluctuations stemming from the benchmarks' foreign currency positions. Investment managers of these international portfolios have the discretion to manage the portfolios' foreign currencies, relative to the currency exposures in their unhedged benchmarks, to protect the portfolios from potential foreign currency losses and to benefit from potential foreign currency gains. Carnegie Mellon's investment managers understand that they are assuming active management risks to the extent that they assume foreign currency exposures that differ from the foreign currency exposures in their relevant market benchmarks (as documented in the formal investment guidelines for each manager). Carnegie Mellon had foreign exchange contracts totaling $138.0 million and $82.4 million at June 30, 2000 and 1999, respectively.

Put and call options on the S&P 500 Index are utilized to hedge a portion of domestic equity market positions. The options provide a floor and cap on market fluctuations on a portion of the domestic common stock portfolio. The notional value of each group of the option contracts totaled $32.9 million and $66.9 million, at June 30, 2000 and 1999, respectively.

Investment managers purchase and sell interest rate futures to control the risk of fluctuations in market interest rates, relative to portfolio benchmarks, on the university's fixed income investments. At June 30, 2000 and 1999, the notional value of interest rate futures was ($23.9 million) and ($19.1 million), respectively. (Parentheses denote net short positions.)

Certain domestic equity investment managers purchase S&P 500 futures contracts to obtain cost efficient exposure to the S&P 500 Index when the S&P 500 Index is the portfolio benchmark. At June 30, 2000 and 1999, the notional value of S&P 500 futures contracts was $38.2 million and $36.6 million, respectively.

Gains or losses from derivative instruments are reported as realized and unrealized gains or losses in the statement of activities. The market value of all derivative instruments is included in the market value of the investments.

Note D—Endowment

The following table provides a summary of the changes in value of the endowment assets excluding pledges for the years ended June 30, 2000 and 1999:

$ in thousands	*2000*	*1999*
Beginning of year endowment value	$719,320	$653,919
Gifts and other additions:		
Contributions (excluding pledges)	26,870	12,180
Terminated life income trusts and income and gains reinvested	282	1,111
Other transfers	39,980	9,665
Total gifts and other additions	**67,132**	**22,956**
Investment income:		
Interest and dividends	21,822	21,073
Realized gain on sale of securities	60,193	44,207
Unrealized appreciation/(depreciation)	(4,154)	9,873
Total investment income	**77,861**	**75,153**
Income distributed for operating purposes:		
Cash and accrued interest and dividends	(21,822)	(21,073)
Accumulated realized gain on sale of securities	(13,370)	(11,635)
Total income distributed	**(35,192)**	**(32,708)**
End of year endowment value	$829,121	$719,320

Endowment net assets at June 30 are classified as follows:

$ in thousands	*2000*	*1999*
Unrestricted	$308,220	$251,979
Temporarily restricted	289,516	261,966
Permanently restricted	231,385	205,375
Total	**$829,121**	**$719,320**

The endowment's total investment return of 10.91% (net of fees) for the year reflects the diverse returns of the capital markets during this period. (Refer to Financial Highlights of Fiscal Year 2000, page 6, for a discussion of investment results and strategy.)

Carnegie Mellon maintains a total return spending policy. Endowment income distributions can consist of dividend and interest income and a withdrawal of accumulated capital gains when necessary. The main objective of the total return spending policy is to separate spending policy from investment policy. Separating spending policy from investment policy permits asset allocation decisions to be made independently of the need for current income.

The rate of net income distributed for 2000 was 4.67% as compared to 4.76% in 1999.

Note E—Contributions and Pledges Receivable

Contribution revenue includes gifts, unconditional pledges to give and grants. Contributions are recorded in the appropriate net asset category based upon the intent of the donor or grantor. Contributions for the years ended June 30, 2000 and 1999 follow:

$ in thousands		*2000*	
	Gifts/Grants	*Decrease in Pledges Receivable*	*Total*
Unrestricted	$18,862		$18,862
Temporarily restricted	28,460	$ (16,458)	12,002
Permanently restricted	27,457	(1,013)	26,444
Total	$74,779	$ (17,471)	$57,308

$ in thousands		*1999*	
	Gifts/Grants	*Decrease in Pledges Receivable*	*Total*
Unrestricted	$23,879		$23,879
Temporarily restricted	17,829	$ (1,964)	15,865
Permanently restricted	12,303	(3,607)	8,696
Total	$54,011	$ (5,571)	$48,440

Pledges and outside trusts as of June 30, 2000 and 1999 are discounted to the present value of future cash flows and are due as follows:

$ in thousands			*2000*	
	Discount Rate	*Temporarily Restricted*	*Permanently Restricted*	*Total*
In one year or less	6.1%	$ 6,696	$ 5,234	$11,930
Between one year and five years	6.0%	5,787	7,005	12,792
More than five years	6.0%	11,485	5,239	16,724
Present value of pledges		23,968	17,478	41,446
Less allowance for unfulfilled pledges		(687)	(817)	(1,504)
Pledges receivable, net of allowance		$23,281	$16,661	$39,942

$ in thousands			*1999*	
	Discount Rate	*Temporarily Restricted*	*Permanently Restricted*	*Total*
In one year or less	5.3%	$11,136	$ 6,698	$17,834
Between one year and five years	5.8%	6,920	5,798	12,718
More than five years	6.1%	23,007	6,034	29,041
Present value of pledges		41,063	18,530	59,593
Less allowance for unfulfilled pledges		(1,325)	(855)	(2,180)
Pledges receivable, net of allowance		$39,738	$17,675	$57,413

The pledges receivable as of June 30, 2000 and 1999, net of allowances, is intended for the endowment in the amounts of $16.7 and $17.7 million, respectively, capital projects in the amounts of $7.6 million and $14.8 million, respectively and other donor restricted purposes in the amounts of $15.6 and $24.9 million, respectively.

For the years ended June 30, 2000 and 1999, Carnegie Mellon received $1.9 million and $3.7 million gifts in kind that were recorded as contributions and other sources in the statement of activities.

Note F—Accounts Receivable

Accounts receivable at June 30, 2000 and 1999 consist of the following:

$ in thousands	*2000*	*1999*
Research grants and contracts:		
Federal	$22,190	$38,024
Non-federal	10,203	10,165
Subtotal	32,393	48,189
Student accounts:		
Current	5,249	4,664
Delinquent	1,024	1,471
Subtotal	6,273	6,135
Reserve for doubtful accounts	(2,379)	(1,835)
Subtotal	3,894	4,300
Other	4,336	634
Total	$40,623	$53,123

Note G—Loans Receivable

Net student loans receivable of $15.4 million and $15.1 million include allowances for doubtful accounts of $1.1 million at June 30, 2000 and 1999.

Note H—Sponsored Research

Direct research revenues represent reimbursement of costs incurred in direct support of research projects. Such revenue is recognized when the direct costs are incurred, and is recorded in unrestricted net assets. In addition, research grants and contracts normally provide for the recovery of indirect costs supporting the research effort.

Indirect research revenue is recorded at rates established in advance by Carnegie Mellon through negotiations with the United States Government and other sponsors. The recovery of indirect costs is recorded in unrestricted net assets.

The major components of sponsored research revenue for the years ended June 30, 2000 and 1999 are as follows:

$ in thousands	*2000*	*1999*
Federal		
Direct research revenue	$ 97,006	$ 96,564
Indirect research revenue	24,431	26,195
Subtotal - Federal	121,437	122,759
State, industrial and other		
Direct research revenue	41,888	35,092
Indirect research revenue	11,378	10,253
Subtotal - state, industrial and other	53,266	45,345
Total sponsored research revenue	$174,703	$168,104

Note I—Land, Buildings and Equipment

Land, buildings and equipment at June 30, 2000 and 1999 consist of the following:

$ in thousands	*2000*	*1999*
Buildings	$479,924	$416,987
Utilities and building related assets	50,568	48,939
Moveable equipment	307,956	313,423
Subtotal	838,448	779,349
Accumulated depreciation	(439,754)	(426,546)
Subtotal	398,694	352,803
Land	7,839	7,996
Construction in progress	13,184	52,694
Total - Net	$419,717	$413,493

Buildings include $22.6 million in 2000 and 1999 representing the present value of minimum lease payments under capital lease arrangements.

Note J—Long-Term Debt

Long-term debt consists of the following bond issues and mortgages:

$ in thousands	*Interest %*	*June 30, 2000*	*1999*
Dormitory bonds/mortgage notes	2.75 - 3.50	$ 3,544	$ 3,771
Pennsylvania Higher Education Facilities Authority, Variable Rate Refunding Bonds, Series 1995	Variable	176,800	176,800
Allegheny County Higher Education Building Authority, Variable Rate University Revenue Bonds, Series 1998	Variable	88,000	88,000
Capital lease obligations	4.0 - 7.5	12,535	14,267
Other	Variable	450	1,578
Total		$281,329	$284,416

The dormitory bonds and mortgage notes mature in varying amounts through 2024 and bear interest at fixed rates that range from 2.75% through 3.5%. Facilities of Carnegie Mellon and the revenues thereon are pledged as collateral on the dormitory bonds and mortgage notes. Certain indentures related to these borrowings further provide, among other provisions, that Carnegie Mellon deposit in a collateral fund securities having a market value of at least $125,500. As of June 30, 2000, securities with a market value of approximately $171,500 were deposited.

On November 1, 1995, Carnegie Mellon issued through the Pennsylvania Higher Education Facilities Authority $176.8 million of Carnegie Mellon University Variable Rate Revenue Refunding Bonds, Series 1995 (the "1995 Bonds"). The proceeds of the 1995 Bonds were used to repay the Washington County Higher Education Pooled Equipment Leasing program debt and the Pennsylvania Higher Education Facilities Authority Variable Rate Option Revenue Bonds, First Series of 1985. The $176.8 million debt issue consists of $50 million Series 1995A due 2025, $50 million Series 1995B due 2027, $50 million Series 1995C due 2029, and $26.8 million Series 1995D due 2030. The 1995 Bonds have certain financial covenants consistent with similar types of financing arrangements. The 1995 Bonds structured as multiple mode obligations currently bear interest at a variable market rate determined daily by the bonds' remarketing agent. Interest was charged at rates ranging from 1.45% to 6.00% during the year.

On December 30, 1998, Carnegie Mellon issued through the Allegheny County Higher Education Building Authority $88.0 million of Carnegie Mellon University Variable Rate Revenue Bonds, Series 1998 ("the 1998 Bonds"). The proceeds of the 1998 Bonds were used to fund capital projects. The 1998 Bonds are due December 2033.

The 1998 Bonds structured as multiple mode obligations currently bear interest at a variable market rate determined daily by the bonds' remarketing agent. Interest was charged at rates ranging from 1.45% to 6.05% during the year.

Interest expense for the years ended June 30, 2000 and 1999 totaled $10.4 million and $6.8 million, respectively.

Interest paid for the years ended June 30, 2000 and 1999 totaled $10.1 million and $7.3 million, respectively.

On November 1, 1995, Carnegie Mellon executed a guaranty whereby it guarantees the payment of principal and interest due on $19.3 million RIDC Regional Growth Fund Revenue Refunding Bonds (Carnegie Mellon University Software Engineering Institute Facility), Series 1995, issued through the Pennsylvania Higher Educational Facilities Authority. These bonds were issued to refinance a prior debt issue used for construction of a building in accordance with the research contract for the Software Engineering Institute. The amount outstanding on June 30, 2000 was $12.6 million. Carnegie Mellon determined in 2000 that this transaction constituted a capital lease and as of June 30,1999 recorded the building and lease obligation at $12.9 million. The interest rate on the lease obligation is 5.0% and concludes in fiscal 2006.

On July 15, 1995, Carnegie Mellon and the Urban Redevelopment Authority of Pittsburgh (the "URA") entered into a capital lease. The lease is for the land and buildings that are known as the Robotics Engineering Consortium (REC). The lease term is for seven years. The present value of the minimum lease payments is $1.2 million. The interest rate on the lease is 7.5% and concludes in 2002. Contract and grant revenues will support the payments on this lease.

On October 23, 1996, Carnegie Mellon and the URA entered into two loan agreements in the total amount of $4.5 million. The interest rate on the loans is 4%. The repayment amounts were due in varying amounts and were totally repaid in 2000.

Aggregate long-term debt maturities for each of the five years ending June 30 are ($ in thousands):

2001	$ 2,052
2002	2,150
2003	3,604
2004	2,323
2005	2,441
Thereafter	268,759

Note K—Commitments and Contingencies

Carnegie Mellon is a defendant in a number of legal actions seeking damages and other relief. While the final outcome of each action cannot be determined at this time, legal counsel and management are of the opinion that the liability, if any, in these legal actions will not have a material effect on Carnegie Mellon's financial statements.

Carnegie Mellon and its affiliates receive significant financial assistance from the federal government, including the sponsorship of federal research projects. Research grants and contracts normally provide for the recovery of direct and indirect costs. Entitlement to the recovery of the applicable direct and related indirect costs is generally conditioned upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants and Carnegie Mellon's indirect cost rate are subject to financial and compliance reviews and audits by the grantors. In management's opinion, the likelihood of an adverse material outcome upon its financial position from those reviews and audits is remote.

Carnegie Mellon has entered into a number of short-term operating leases. Lease expense for the year ending June 30, 2000 and 1999, was $7.6 million and $9.0 million, respectively.

In order to support the working capital requirements of a consolidated wholly-owned subsidiary, a demand line of credit was established in the amount of $2.0 million in November 1999. The demand line of credit bears interest at the prime rate less 1% and is guaranteed by Carnegie Mellon. At June 30, 2000, $.5 million was outstanding and reported in the Consolidated Statement of Financial Position as other liabilities.

Note L—Pension and Other Retirement Plans

Carnegie Mellon has various pension and retirement programs covering substantially all of its employees. The two principal pension programs are TIAA-CREF, a defined contribution plan, and the SEIU National Industry Pension Fund, a multi-employer plan. Annual contributions are made to the plans equal to amounts accrued for pension expense. Such plans are fully funded on a current basis. Pension expense for the years ended June 30, 2000 and 1999 totaled $13.4 million and $13.6 million, respectively.

Carnegie Mellon provides certain health care benefits for eligible retired employees. The table below sets forth the health care plan's funded status at June 30, 2000 and 1999:

Fiscal year ended June 30 ($ in thousands)	*2000*	*1999*
Benefit obligation	$4,633	$4,794
Unrecognized amounts, primarily transition obligation	2,785	3,607
Benefit obligation and funded status before "rabbi" trust at June 30	$7,418	$8,401
Liability in the Statements of Financial Position	$5,657	$4,919

Weighted-average assumptions as of June 30	*2000*	*1999*
Discount rate	8.00%	7.50%

For measurement purposes, a 6.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2000. The rate was assumed to decrease gradually to 5% for 2002 and remain at that level thereafter.

Fiscal year ended June 30 ($ in thousands)	*2000*	*1999*
Benefit cost	$618	$ 966
Employer contribution	320	332
Plan participants' contributions	64	29
Benefits paid	384	361

In conjunction with an agreement made with the federal government, the university has established a "separate" trust, which is available to general creditors, only in the event of insolvency. The expected return on plan assets for 2000 and 1999 was 8.75% and was used in determining the benefit cost. Assets in the trust to fund FAS 106 costs and other post-employment benefits are $5.6 million and $0.7 million, respectively at June 30, 2000 and $5.0 million and $0.8 million, respectively at June 30, 1999. These assets are reflected as investments in the accompanying Statements of Financial Position.

Total contributions for years ended June 30, 2000 and 1999 to fund the FAS 106 liability, including payments into the trust, totaled $0.6 million and $1.3 million, respectively.

Administration and Board

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* Alumnus(a)

* Alumnus(a)

Type of university: Private, coeducational, granting about 2,200 bachelor's, master's and doctor's degrees each year.

Number of colleges and schools: Seven—the Carnegie Institute of Technology (engineering); the College of Fine Arts; the College of Humanities and Social Sciences (liberal arts and professional studies); the Graduate School of Industrial Administration (business); the H. John Heinz III School of Public Policy and Management; the Mellon College of Science; the School of Computer Science.

Physical size: 105-acre main campus; 74 buildings.

Location: Five miles east of downtown Pittsburgh, bordered by 500-acre Schenley Park and three culturally active residential neighborhoods.

Number of students: 5,136 undergraduates; 2,123 master's and 1,051 doctoral students.

Number of faculty: 1,003 full-time and 205 part-time faculty; and 47 administrative faculty.

Athletics: Team name is "the Tartans"; NCAA Division III classification; founding member of the University Athletic Association; 17 varsity sports; more than 40 intramural sports.

Number of alumni: 52,824

Computers: There are thousands of high-powered computer workstations and personal computers on campus; all student rooms and apartments and all academic and research facilities are linked to the university's Andrew computing network.

History: Founded in 1900 by industrialist and philanthropist Andrew Carnegie as a technical school for working class Pittsburgh; became Carnegie Institute of Technology, or "Tech," in 1912; merged with the Mellon Institute of Research in 1967 to become Carnegie Mellon University.

Founder's motto: "My Heart Is in the Work," as inscribed by founder Andrew Carnegie in his "contract" to the city of Pittsburgh written in 1900.

For more insight into our vision for the future of Carnegie Mellon . . .

Please visit our Internet World Wide Web home page at:

http://www.cmu.edu/

The complete financial report and supplemental information on Carnegie Mellon's financial services can be found at the following address:

http://www.as.cmu.edu/~fsg/Welcome.html

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Carnegie Mellon

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