

August 20, 2020

Indiana University
107 South Indiana Avenue
Bloomington, IN 4740

RE: Tax Exempt Status of Indiana University

Ladies and Gentlemen:

At your request, we have prepared a reasoned legal opinion regarding several federal tax matters as they relate to Indiana University (the “University”). This correspondence is a summary of the conclusions contained within our reasoned legal opinion dated August 20, 2020 (the “Tax Opinion”) and fully incorporates and is subject to the assumptions, qualifications, limitations, and analysis set forth in the Tax Opinion.

As detailed in our Tax Opinion, it is our reasoned legal opinion that in a properly presented and decided case applying the federal tax laws discussed and analyzed in the Tax Opinion, a court having jurisdiction over the case should determine the following:

- (1) That the University is an integral part of the State of Indiana (the “State”);
- (2) A contribution or gift to or for the use of the University is eligible to be a deductible charitable contribution under Section 170(c)(1) of the Internal Revenue Code of 1986, as amended (the “Code”) if the contribution or gift is made for exclusively public purposes; and
- (3) That, as a governmental unit, the University is not a private foundation, but rather is classified as a public charity under Code Section 509(a)(1).

The Tax Opinion contains a thorough review of the applicable federal authority and analysis of such authority in coming to these conclusions. Accordingly, this summary should be read in conjunction with the Tax Opinion, including without limitation the analysis and qualifications contained in the Tax Opinion.

Additionally, as detailed in the Tax Opinion, income earned by an integral part of a state is exempt from income taxation in the absence of specific statutory authorization for taxing such income. *See* Rev. Rul. 87-2. An example of a statutory exception to this general rule is found in Code Section 511(a)(2)(B), which provides that unrelated business income of public colleges and universities is taxable notwithstanding their status as governmental entities. Accordingly, the University as an integral part of the State is exempt from income taxation; however, as a university, the University is subject to unrelated business income tax pursuant to Code Section 511(a)(2)(B).

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Finally, the University, as an integral part of the State of Indiana, is not required to file Form 990, *Return of Organization Exempt From Income Tax*. See Code Section 6033(a).

Very truly yours,

ICE MILLER LLP



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