

Boston University

**Report on Federal Awards in Accordance with
OMB Circular A-133**

June 30, 2009

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Boston University
Report on Federal Awards in Accordance with OMB Circular A-133
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Part I

**Financial Statements and
Schedule of Expenditures of Federal Awards**

Report of Independent Auditors

To the Board of Trustees of
Boston University

In our opinion, the accompanying consolidated statements of financial position and the related consolidated statements of activities and cash flows present fairly, in all material respects, the financial position of Boston University (the "University") at June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits of these statements 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2 to the consolidated financial statements, the University adopted Statement of Financial Accounting Standards ("SFAS") No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, as of July 1, 2008. In accordance with the transition provisions of SFAS No. 159, the 2009 consolidated financial statements include the cumulative effect of adopting this accounting principle as of July 1, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2009 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2009. 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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2009 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic consolidated financial statements taken as a whole.

PricewaterhouseCoopers LLP

October 22, 2009

BOSTON UNIVERSITY • CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2009 and 2008
(\$000)

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents (Notes 1 and 2)	\$ 404,647	\$ 219,848
Cash and cash equivalents—restricted (Notes 1 and 2)	115,847	215,173
Short-term investments (Notes 1 and 2)	7,173	10,735
Accounts receivable, net of allowance (Notes 1 and 3)	169,672	157,522
Pledges receivable, net of allowance (Note 3)	50,291	31,702
Prepaid expenses and other assets (Note 4)	79,455	80,109
Investment in residual asset note (Note 2)	34,535	
Long-term investments (Notes 1 and 2)	1,054,685	1,135,031
Property, plant, and equipment, net (Notes 1 and 4)	1,849,617	1,956,963
Total assets	<u>\$ 3,765,922</u>	<u>\$ 3,807,083</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accrued payroll and related expenses	\$ 117,862	\$ 128,749
Accounts payable and accrued expenses (Notes 4, 5, and 6)	347,981	310,477
Minority interest (Note 7)	94,008	72,087
Short-term lines of credit (Note 5)	42,500	
Deferred income and student deposits	98,177	98,485
Annuities payable (Note 1)	16,281	15,951
Capital lease obligation (Note 7)	84,800	84,800
Discounted note obligation (Note 2)	34,535	31,123
Bonds, notes, and mortgages payable, net of unamortized bond premium/discount (Note 5)	1,227,545	1,267,123
Total liabilities	<u>2,063,689</u>	<u>2,008,795</u>
 Commitments and contingencies (Note 7)		
 Net assets (Note 1):		
Unrestricted:		
Allocated for designated purposes	1,005,721	959,844
Available for general purposes	15,978	15,753
Total unrestricted	<u>1,021,699</u>	<u>975,597</u>
Temporarily restricted	366,066	523,344
Permanently restricted	314,468	299,347
Total net assets	<u>1,702,233</u>	<u>1,798,288</u>
 Total liabilities and net assets	 <u>\$ 3,765,922</u>	 <u>\$ 3,807,083</u>

The accompanying notes are an integral part of the consolidated financial statements.

BOSTON UNIVERSITY • CONSOLIDATED STATEMENTS OF ACTIVITIES

For the years ended June 30, 2009 and 2008
(\$000)

	2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues (Note 1)				
Student tuition and fees	\$ 968,636	\$	\$	\$ 968,636
Student aid	(244,169)			(244,169)
Sponsored programs	203,668			203,668
Gifts	24,821	547		25,368
Sales and services	111,661			111,661
Spending formula amount and other investment income (Notes 1 and 2)	10,030	23,445		33,475
Recovery of facilities and administrative costs	146,713			146,713
Sponsored program income for student aid	14,063			14,063
Other income	18,265			18,265
Auxiliary enterprises	248,946			248,946
Student aid	(2,638)			(2,638)
Net assets released from restrictions	29,567	(29,567)		
Contributions used for operations		5,347		5,347
Total operating revenues	1,529,563	(228)		1,529,335
Operating expenses (Note 1)				
Instruction and departmental research	707,519			707,519
Educational support activities	112,528			112,528
Sponsored programs	203,668			203,668
Libraries	24,065			24,065
General and administrative	168,965			168,965
Student aid	12,338			12,338
Auxiliary enterprises	214,394			214,394
Total operating expenses	1,443,477			1,443,477
Net operating gain (loss)	86,086	(228)		85,858
Nonoperating revenues and (expenses)				
Contribution revenue (Note 1)	7,394	16,220	16,115	39,729
Contributions used for operations		(5,347)		(5,347)
Spending formula amount and other investment income (Notes 1 and 2)	4,791	2,773	154	7,718
Excess (deficit) of investment return over spending formula amount (Note 2)	(113,700)	(180,320)	(1,224)	(295,244)
Net realized and unrealized losses on interest rate exchange agreements (Note 5)	(59,942)			(59,942)
Amortization of discounted note obligation (Note 2)				
Post-retirement related changes other than net periodic pension cost (Note 6)	17,488			17,488
Other additions (deductions), net (Note 8)	22,206	9,624	76	31,906
Change in value of designated non-core institutional real estate (Note 2)	50,656			50,656
Cumulative effect of initial application of SFAS 159 (Note 2)	31,123			31,123
Net nonoperating income (loss)	(39,984)	(157,050)	15,121	(181,913)
Change in net assets	46,102	(157,278)	15,121	(96,055)
Beginning net assets	975,597	523,344	299,347	1,798,288
Ending net assets	\$ 1,021,699	\$ 366,066	\$ 314,468	\$ 1,702,233

BOSTON UNIVERSITY • CONSOLIDATED STATEMENTS OF ACTIVITIES

2008				
Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
\$ 933,279	\$	\$	\$ 933,279	Operating revenues (Note 1)
(235,175)			(235,175)	Student tuition and fees
189,642			189,642	Student aid
24,881	530		25,411	Sponsored programs
105,440			105,440	Gifts
13,967	20,300		34,267	Sales and services
136,767			136,767	Spending formula amount and other investment income (Notes 1 and 2)
15,095			15,095	Recovery of facilities and administrative costs
13,862			13,862	Sponsored program income for student aid
238,851			238,851	Other income
(2,816)			(2,816)	Auxiliary enterprises
27,957	(27,957)		6,557	Student aid
	6,557		6,557	Net assets released from restrictions
<u>1,461,750</u>	<u>(570)</u>		<u>1,461,180</u>	Contributions used for operations
				Total operating revenues
688,363			688,363	Operating expenses (Note 1)
109,833			109,833	Instruction and departmental research
189,642			189,642	Educational support activities
24,394			24,394	Sponsored programs
160,120			160,120	Libraries
12,510			12,510	General and administrative
213,859			213,859	Student aid
<u>1,398,721</u>			<u>1,398,721</u>	Auxiliary enterprises
				Total operating expenses
63,029	(570)		62,459	Net operating gain (loss)
				Nonoperating revenues and (expenses)
6,617	11,575	6,672	24,864	Contribution revenue (Note 1)
	(6,557)		(6,557)	Contributions used for operations
5,077	2,689	305	8,071	Spending formula amount and other investment income (Notes 1 and 2)
(458)	2,983	(730)	1,795	Excess (deficit) of investment return over spending formula amount (Note 2)
(68,913)			(68,913)	Net realized and unrealized losses on interest rate exchange agreements (Note 5)
(3,057)			(3,057)	Amortization of discounted note obligation (Note 2)
3,513			3,513	Post-retirement related changes other than net periodic pension cost (Note 6)
(7,391)	21,004	1,910	15,523	Other additions (deductions), net (Note 8)
				Change in value of designed non-core institutional real estate (Note 2)
				Cumulative effect of initial application of SFAS 159 (Note 2)
<u>(64,612)</u>	<u>31,694</u>	<u>8,157</u>	<u>(24,761)</u>	Net nonoperating income (loss)
(1,583)	31,124	8,157	37,698	Change in net assets
977,180	492,220	291,190	1,760,590	Beginning net assets
<u>\$ 975,597</u>	<u>\$ 523,344</u>	<u>\$ 299,347</u>	<u>\$ 1,798,288</u>	Ending net assets

The accompanying notes are an integral part of the consolidated financial statements.

BOSTON UNIVERSITY • CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended June 30, 2009 and 2008
(\$000)

	2009	2008
Cash flows from operating activities:		
Change in net assets	\$ (96,055)	\$ 37,698
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	77,985	80,217
Loss on debt extinguishment	186	9,642
Cumulative effect of initial application of SFAS 159	(31,123)	
Change in value of designated non-core institutional real estate	(50,656)	
Loss on sale of property and equipment		1,164
Loss on disposal of property and equipment	559	1,426
Unrealized losses on interest rate exchange agreements	40,622	65,626
Amortization of bond premium/discount	(198)	3,497
Net realized and unrealized losses (gains) on investments	272,967	(17,402)
Provision for bad debts	(4,727)	2,974
Restricted contributions	(6,074)	(8,397)
Changes in operating assets and liabilities:		
Increase in accounts receivable	(5,737)	(5,157)
(Increase) decrease in pledges receivable	(18,458)	3,171
Decrease in prepaid expenses and other assets	468	747
Increase in accounts payable, accrued expenses and minority interest	8,874	50,118
(Decrease) increase in accrued payroll and related expenses	(10,887)	4,012
(Decrease) increase in deferred income and student deposits	(308)	8,908
Net cash provided by operating activities before swap termination	177,438	238,244
Payment on swap termination (Note 8)	(54,876)	
Net cash provided by operating activities	122,562	238,244
Cash flows from investing activities:		
Purchases of investments	(247,779)	(534,654)
Proceeds from sales and maturities of investments	299,290	534,403
Increase in receivables for investments sold	(1,817)	(11,053)
Proceeds from sale of property and equipment		6,769
Purchases of property and equipment	(154,877)	(271,560)
(Increase) decrease in cash equivalents-restricted	99,326	(166,566)
Net cash used in investing activities	(5,857)	(442,661)
Cash flows from financing activities:		
Payment of bonds, notes, and mortgages	(79,042)	(480,847)
Increase in annuity obligations	330	1,201
Proceeds from short-term borrowings	42,500	
Proceeds from bonds and notes payable	50,000	670,565
Restricted contributions	6,074	8,397
Net cash provided by financing activities before swap replacement transactions	19,862	199,316
Proceeds from replacement swap transactions (Note 8)	58,570	
Net cash provided by financing activities	78,432	199,316
Unrealized gains on currency exchange	(10,338)	(490)
Net increase (decrease) in cash and cash equivalents	184,799	(5,591)
Cash and cash equivalents beginning of year	219,848	225,439
Cash and cash equivalents end of year	\$404,647	\$ 219,848
Supplemental disclosure of non-cash information:		
Property and equipment included in accounts payable	\$ 9,464	\$ 15,699

For the years ended June 30, 2009 and 2008

1. Accounting Policies

The following is a summary of the significant accounting policies of the University.

Basis of Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the reporting principles of not-for-profit accounting.

Unrestricted net assets are free of donor-imposed restrictions. Activities reported within unrestricted net assets include education and general, sponsored and departmental research, unexpended plant and debt service, investments in plant, long-term investments, and student loans. Contributions, gains, and investment income whose restrictions are met in the same reporting period are reported as unrestricted support.

Temporarily restricted net assets include gifts for which donor-imposed restrictions as to time or purpose have not been met (primarily future capital projects) and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

The composition of the temporarily restricted net assets as of June 30, 2009 and 2008, in thousands of dollars, is as follows:

	2009	2008
Net realized and unrealized gain on endowment . . .	\$ 246,080	\$ 414,477
Life income and annuity funds	11,021	21,106
Contributions receivable, net	35,422	26,873
Contributions restricted for plant	72,864	60,157
Other contributions	679	731
	<u>\$ 366,066</u>	<u>\$ 523,344</u>

Permanently restricted net assets include gifts and pledges which require, by donor restriction, that the corpus be invested in perpetuity and only the income or a portion thereof be made available for spending in accordance with donor restrictions.

The composition of the permanently restricted net assets as of June 30, 2009 and 2008, in thousands of dollars, is as follows:

	2009	2008
Endowment funds	\$ 276,538	\$ 271,651
Contributions receivable, net	14,869	4,829
Donor funds restricted for student loans	23,061	22,867
	<u>\$ 314,468</u>	<u>\$ 299,347</u>

Nonoperating activities reflect transactions of a long-term investment or capital nature including contributions to be invested by the University to generate a return that will support future operations, contributions to be received in the future, contributions to be used for facilities and equipment, gains and losses on interest rate exchange agreements, the excess (deficit) of investment returns over the spending formula amount, the cumulative effect of change in accounting principle (see Note 2), post-retirement related changes other than net periodic pension cost, and certain other nonrecurring activities.

Sponsored Programs:

Revenues associated with contracts and grants are recognized as the related costs or capital expenditures are incurred. Grant revenue used for the construction or acquisition of plant is recorded within nonoperating activities. The University records reimbursement of facilities and administrative costs relating to government contracts and grants at authorized rates each year.

Principles of Consolidation:

The consolidated financial statements include the University and its wholly owned subsidiaries. All significant intercompany transactions and accounts have been eliminated.

For the years ended June 30, 2009 and 2008

Property, Plant, and Equipment:

Maintenance and repairs are expensed as incurred and improvements are capitalized. When assets are retired or disposed of, the cost and accumulated depreciation thereon is removed from the accounts, and gains and losses are included in operations in the statement of activities.

Long-lived assets and certain intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. When such events or changes in circumstances indicate an asset may not be recoverable, an impairment loss is required to be recognized in an amount by which the asset's net book value exceeds its estimated fair value.

Gifts:

Gifts, including unconditional promises to give, are recorded upon receipt. Gifts other than cash are recorded at fair market value at the date of contribution. The University records gifts of patents that are accepted solely for future use in educational or scientific research at a nominal value. Gifts with donor-imposed restrictions, which are reported as temporarily restricted revenues, are reclassified to unrestricted net assets when an expense is incurred that satisfies the restriction (see Note 3).

Investment Income:

The major portion of long-term investments are maintained on a pooled basis. Units in the pool are assigned on the basis of market value at the time net assets to be invested are received, and income is distributed quarterly thereafter on a per-unit basis.

Valuation of Investments:

Investments in marketable securities are stated at fair value as determined by the quoted market prices of publicly traded securities. Alternative investments for which fair value quotations are not readily available, are valued by the general partnership or fund manager and are reviewed by management for reasonableness and approved by an advisory committee of the Board of Trustees. Estimated values are subject to uncertainty and, therefore, may differ significantly from the value that would have been used had the investments been traded on a public market. The average cost method is used for calculating realized gains. The investment portfolio is reflected on a trade-date basis.

Net gains and losses are classified as unrestricted net assets unless they are restricted by a donor or the law. Net gains on permanently restricted gifts are classified as temporarily restricted until appropriated for spending by the University in accordance with donor restrictions and Massachusetts law.

Real Estate Partnerships:

The University owns shares in certain University business-related real estate partnerships ranging from 20 to 50%, which have been accounted for using the equity method within the statement of financial position. The University's ownership interest in these partnerships has been recorded within long-term investments on the statement of financial position.

Cash and Cash Equivalents:

The University considers cash on hand, cash in banks, certificates of deposit, time deposits, and U.S. Government and other short-term securities with maturities of three months or less when purchased as cash and cash equivalents. Cash and cash equivalents-restricted represent funds held by the trustees associated with the Massachusetts Development Finance Agency Bond Issue Series U1, U2, U3, and U4 and Massachusetts Health and Educational Facilities Authority Series N, and will be drawn down to fund various construction projects and costs of issuance. In addition, the University was required to post collateral with counterparties in the form of cash and cash equivalents under the terms of certain interest rate exchange agreements (see Note 5).

Loans Receivable:

Notes and loans receivable are principally amounts due from students under federally sponsored programs which are subject to certain requirements. Accordingly, it is not practical to determine the fair value of such amounts.

Student Aid:

Student aid, of \$244,169,000 and \$235,175,000 for the years ended June 30, 2009 and 2008, respectively, has been classified as a reduction of student tuition and fees. In addition, student aid in the amount of \$2,638,000 and \$2,816,000 for the years ended June 30, 2009 and 2008, respectively, has been classified as a reduction of auxiliary enterprises (room and board) revenue.

For the years ended June 30, 2009 and 2008

Student aid in addition to tuition, fees, room and board in the amount of \$12,338,000 and \$12,510,000 for the years ended June 30, 2009 and 2008, respectively, has been classified as an operating expense.

Depreciation Policy:

All capital expenditures for, and gifts of, land, buildings, equipment, and library books are recorded as additions to unrestricted net assets when the assets are placed in service, and carried at cost at the date of the acquisition or fair value at the date of donation. Depreciation is computed on a straight-line basis over the remaining useful lives of assets as follows: buildings, 50 years; renovations and improvements, 20 years or lease term, if shorter; library books, 10 years; and equipment, 2 to 15 years. University buildings used in sponsored research activities are depreciated from 12 to 50 years, by using the distinct useful lives for each major building component.

Depreciation for the years ended June 30, 2009 and 2008 was \$77,985,000 and \$80,217,000, respectively.

Allocation of Expenses:

Certain expenses have been allocated to functional expenses in the statement of activities. These expenses are comprised of, in thousands of dollars:

	2009	2008
Operation and maintenance of plant	\$ 96,612	\$ 91,146
Interest on indebtedness	36,392	52,534
Depreciation expense	77,985	80,217

Collections:

The University's collections, which were acquired through purchases and contributions since the University'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 releases from temporarily restricted net assets if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected in the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

The University's collections are made up of artifacts of historical significance, scientific specimens, and art objects that are held for educational, research, scientific, and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed regularly. The collections are subject to a policy that requires proceeds from dispositions to be used to acquire other items for collections.

Split-Interest Agreements:

The University's split-interest agreements with donors consist of irrevocable charitable gift annuities and charitable remainder trusts held and administered by others. For annuity contracts, the contributed assets are included as part of investments at fair value. Contribution revenue, net of the accompanying obligation is recognized as of the date the donated assets are transferred to the University, and liabilities are recorded for the present value of the estimated future payments to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the annuities consistent with changes in the value of the assets and actuarial assumptions.

The present values of the estimated future cash receipts from charitable remainder trusts are recognized as assets and contribution revenues as of the dates the trusts are established. Distributions from these trusts are recorded as contributions, and the carrying value of the assets is adjusted for changes in the estimates of future receipts.

Related Party Transactions:

Under the University's conflict of interest policy, all business and financial relationships between the University and entities affiliated with trustees and officers are subject to the review and approval of the Audit Committee of the Board of Trustees.

For the years ended June 30, 2009 and 2008

Income Taxes:

The University is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code.

In June 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes— an Interpretation of FASB Statement 109" (FIN 48). FIN 48 addresses the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a threshold of more-likely-than-not for recognition and derecognition of tax provisions taken or expected to be taken in a tax return. FIN 48 also provides guidance on measurement, classification, interest and penalties, and disclosure. FIN 48 was effective for the University on July 1, 2007 and did not have a material impact on the University's financial statements as of June 30, 2009 and 2008.

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 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 revenues and expenses during the period. Actual results could differ from those estimates. Significant estimates are made in the areas of accounts receivable, pledges receivable, investments, investment in residual asset note, discounted note obligation, and accrued expenses.

Conditional Asset Retirement Obligations:

The University recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which the obligation is incurred, in accordance with Statement of Financial Accounting Standards (SFAS) No. 143, "Accounting for Asset Retirement Obligations," and Financial Accounting Standards Interpretation (FIN) No. 47, "Accounting for Conditional Asset Retirement Obligations." When the liability is initially recorded, the cost of the asset retirement obligation is capitalized by increasing the carrying amount of the related long-lived asset. The liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the statement of activities.

Fair Value Measurements:

In September 2006, the FASB issued SFAS No. 157 "Fair Value Measurements" (SFAS 157). This statement defines fair value and establishes a framework for measuring fair value in generally accepted accounting principles. In addition, SFAS 157 expands the disclosures regarding the use of fair value to measure assets and liabilities in interim and annual periods subsequent to initial recognition. The disclosures focus on the inputs used to measure fair value, the recurring fair value measurements using significant unobservable inputs, and the effect of the measurement on changes in net assets for the period. SFAS 157 was adopted by the University as of July 1, 2008, as discussed in Note 2.

Fair Value Option:

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of SFAS No. 115 and SFAS No. 124" (SFAS 159). SFAS 159 permits organizations to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. Once elected, this option is irrevocable. The University elected the fair value option as of July 1, 2008, for certain investments pursuant to SFAS 159 as discussed in Note 2.

Reclassifications:

Certain June 30, 2008 balances previously reported have been reclassified to conform to the June 30, 2009 presentation.

For the years ended June 30, 2009 and 2008

2. Investments

Total investments by type as of June 30, 2009 and 2008, in thousands of dollars, were as follows:

Summary by Type of Investment	2009		2008	
	Cost	Fair Value	Cost	Fair Value
Money Market	\$ 520,494	\$ 520,494	\$ 435,021	\$ 435,021
Fixed Income	71,189	69,932	68,699	70,107
Global Equities	267,787	287,672	337,441	512,683
Marketable Alternatives	137,456	134,477	151,290	184,259
Non-Marketable Alternatives	253,674	216,967	223,352	228,840
Real Assets	384,997	352,810	136,271	149,877
Investment in residual asset note	34,535	34,535		
Total	<u>\$ 1,670,132</u>	<u>\$ 1,616,887</u>	<u>\$ 1,352,074</u>	<u>\$ 1,580,787</u>

Money market investments totaling \$520,494,000 and \$435,021,000 as of June 30, 2009 and 2008, respectively, shown in the table above, represent cash and cash equivalents and cash and cash equivalents-restricted as reported on the consolidated statements of financial position. These totals include \$4,835,000 and \$3,427,000 of cash on hand and cash in banks as of June 30, 2009 and 2008, respectively.

The following summarizes, in thousands of dollars, the investment return, as reflected in the statement of activities:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Total	2008 Total
Dividend and interest income	\$ 6,937	\$ 11,825	\$ 154	\$ 18,916	\$ 26,731
Net realized and unrealized gains (losses)	(105,816)	(165,927)	(1,224)	(272,967)	17,402
Total return on investments	(98,879)	(154,102)	(1,070)	(254,051)	44,133
Less: Spending formula amount	(7,456)	(26,218)		(33,674)	(30,020)
Less: Other non-endowment income	(7,365)		(154)	(7,519)	(12,318)
	(14,821)	(26,218)	(154)	(41,193)	(42,338)
Excess (deficit) of investment return over spending formula amount	<u>\$ (113,700)</u>	<u>\$ (180,320)</u>	<u>\$ (1,224)</u>	<u>\$ (295,244)</u>	<u>\$ 1,795</u>

A pooled endowment fund is included as part of the University's investments. Total endowment assets at June 30, 2009 and 2008 are \$919,441,000 and \$1,182,053,000, respectively. The amounts distributed from the investment yield of pooled investments in any one year may include interest, dividends, and a portion of accumulated investment gains. The distribution is based on fixed quarterly amounts per unit and is calculated as 4% of a twenty-quarter moving average of pooled endowment fund market values. The return distributed is equivalent to an annual investment yield, using the average market value of pooled endowment funds for the five preceding quarters for the fiscal years ended June 30, 2009 and 2008, respectively. During the fiscal years ended June 30, 2009 and 2008, 3.6% and 2.5%, respectively, represented the distribution as a percentage of the ending market value of the pooled endowment fund.

At June 30, 2009 and 2008, respectively, approximately \$5,188,000 and \$185,000 of unrealized losses on permanently restricted endowment funds were classified as a reduction in unrestricted net assets as the market value of these funds was less than their book value. Unrestricted net assets will be replenished when the market value equals or exceeds the book value.

As of June 30, 2009, investment commitments to venture capital limited partnerships and private equity funds total \$90,544,000 and are expected to be drawn down by the general partners over the next six years in accordance with the individual investment periods of the underlying partnerships.

For the years ended June 30, 2009 and 2008

Fair Value Measurements:

SFAS 157 establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the University, and unobservable inputs reflect the University's own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value under SFAS 157 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the University for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, 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 for substantially the same term of the assets or liabilities.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following table presents the financial instruments carried at fair value as of June 30, 2009, by caption on the statement of financial position by the SFAS 157 valuation hierarchy defined above, in thousands of dollars:

Assets	Level 1	Level 2	Level 3	Total Fair Value
Money Market	\$ 520,494	\$	\$	\$ 520,494
Fixed Income	38,355	31,577		69,932
Global Equities & Convertibles	140,901	119,974	26,797	287,672
Marketable Alternatives		13,417	121,060	134,477
Non-Marketable Alternatives			216,967	216,967
Real Assets		134,085	218,725	352,810
Investment in residual asset note		34,535		34,535
Total Investments:	<u>\$ 699,750</u>	<u>\$ 333,588</u>	<u>\$ 583,549</u>	<u>\$ 1,616,887</u>
Split interest agreements held by third parties			3,692	3,692
Total assets at fair value	<u>\$ 699,750</u>	<u>\$ 333,588</u>	<u>\$ 587,241</u>	<u>\$ 1,620,579</u>
Liabilities				
Interest rate exchange liabilities		152,714		152,714
Total liabilities at fair value	<u>\$</u>	<u>\$ 152,714</u>	<u>\$</u>	<u>\$ 152,714</u>

The following is a description of the University's valuation methodologies for assets and liabilities measured at fair value.

The fair value for Level 1 is based upon quoted prices in active markets that the University has the ability to access for identical assets and liabilities. Market price data is generally obtained from exchange or dealer markets. The University does not adjust the quoted price for such assets and liabilities.

The fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be

For the years ended June 30, 2009 and 2008

corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers.

Fair value for Level 3 is based on valuation techniques that use significant inputs that are unobservable, as they trade infrequently or not at all.

Investments included in Level 3 primarily consist of the University's ownership in alternative investments (principally limited partnership interests in hedge, private equity, real estate, and other similar funds). The fair value of certain alternative investments represents the ownership interest in the net asset value (NAV) of the respective partnership. Partnerships in Level 3 consist of both marketable securities as well as securities that do not have a readily determinable value. The fair values of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner and are based on appraisals, or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by the general partner taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate. The University has performed ongoing due diligence around these investments to ensure NAV is an appropriate measure of fair value as of June 30.

Interest rate exchange liabilities are valued using observable inputs, such as quotations received from the counterparty, dealers or brokers, whenever available and considered reliable. In instances where models are used, the value of the interest rate exchange liability depends upon the contractual terms of, and specific risks inherent in, the instrument as well as the availability and reliability of observable inputs. Such inputs include market prices for reference securities, credit curves, assumptions for nonperformance risk, and correlations of such inputs. Interest rate exchange arrangements have inputs which can generally be corroborated by market data and are therefore generally classified within Level 2.

Split interest agreements held by third parties are valued at the present value of the future distributions expected to be received over the term of the agreement.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table is a rollforward of the statement of financial position amounts for financial instruments classified by the University within Level 3 of the fair value hierarchy defined above, in thousands of dollars:

	Fixed Income	Global Equities & Convertibles	Marketable Alternatives	Non-Marketable Alternatives	Real Assets	Total Investments
Fair value July 1, 2008 . . .	\$ 11,670	\$210,451	\$165,532	\$232,501	\$134,878	\$ 755,032
Realized gains (losses)	482	9,561	14,342	7,575	2,644	34,604
Unrealized gains (losses) . . .	(1,670)	(98,386)	(33,638)	(41,234)	(36,494)	(211,422)
Net purchases & sales	(10,482)	(94,829)	(25,176)	18,125	(9,488)	(121,850)
Transfers					127,185	127,185
Fair value June 30, 2009 . . \$	\$	\$ 26,797	\$121,060	\$216,967	\$218,725	\$583,549

For the years ended June 30, 2009 and 2008

	Split interest agreements held by third parties
Fair value July 1, 2008	\$ 2,755
Realized gains (losses)	
Unrealized gains (losses)	(325)
Additions	1,262
Transfers	
Fair value June 30, 2009	<u>\$ 3,692</u>

All net realized and unrealized gains (losses) in the tables above are reflected in the accompanying statement of activities. Net unrealized gains (losses) relate to those financial instruments held by the University at June 30, 2009.

Endowment Funds:

In August 2008, the Financial Accounting Standards Board issued Staff Position No. FAS 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds" (FAS 117-1). FAS 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2009 (UPMIFA). FAS 117-1 also improves disclosure about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA. The Commonwealth of Massachusetts adopted UPMIFA effective for institutional funds existing on or established after June 30, 2009. The University has adopted FAS 117-1 for the year ended June 30, 2009.

The University's endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The University has interpreted UPMIFA as requiring the 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 the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization.

The University has adopted investment and spending policies for its endowment and similar funds that emphasize long-term capital appreciation as a primary source of return while balancing the dual objectives of growth in capital and principal preservation. Investments are expected to earn long-term returns sufficient to maintain or grow the purchasing power of assets, net of spending

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For the years ended June 30, 2009 and 2008

and investment expenses, within acceptable risk parameters. 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 capital appreciation and current yield. The University targets a diversified asset allocation of fixed income, global equities, marketable and non-marketable alternative and real assets. The portfolio is expected to produce returns that exceed a policy benchmark constructed as a blended rate of indices.

In accordance with the University's spending policy, 4% of a twenty-quarter moving average of endowment investments is available each year for expenditure. If interest, dividends, and gains are not sufficient to support the current year drawdown, the balance is provided from prior year accumulated earnings.

The following table represents endowment net asset composition by type of fund as of June 30, 2009, in thousands of dollars:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted	\$	\$ 257,100	\$ 276,538	\$ 533,638
Institution Designated	336,131			336,131
Total Endowment Net Assets	<u>\$ 336,131</u>	<u>\$ 257,100</u>	<u>\$ 276,538</u>	<u>\$ 869,769</u>

The following table represents changes in endowment net assets for the fiscal year ended June 30, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at beginning of year	\$ 378,203	\$ 435,583	\$ 271,651	\$ 1,085,437
Reclassification of net assets	(5,003)	5,003		
Endowment net assets after reclassification	<u>373,200</u>	<u>440,586</u>	<u>271,651</u>	<u>1,085,437</u>
Investment income	1,819	1,523		3,342
Net depreciation (realized and unrealized)	(73,190)	(185,323)	(1,224)	(259,737)
Total investment return	<u>(71,371)</u>	<u>(183,800)</u>	<u>(1,224)</u>	<u>(256,395)</u>
Gifts	2,940	684	5,813	9,437
Other changes	3,452	(370)	298	3,380
Institutional transfers from other funds	<u>27,910</u>			<u>27,910</u>
Endowment net assets at end of year	<u>\$ 336,131</u>	<u>\$ 257,100</u>	<u>\$ 276,538</u>	<u>\$ 869,769</u>

Non-Core Institutional Real Estate:

Consistent with other large, private urban universities, in fiscal year 2009 based on an ongoing strategic review of the use of the University's property, the University elected to record its investments in designated non-core institutional real estate at fair value. Accordingly, the University has changed the valuation methodology related to these investments in designated non-core institutional real estate from cost less accumulated depreciation to fair value. The University has recorded unrealized gains which increased unrestricted net assets by \$50,656,000 and has recorded the assets at fair value on the statement of financial position. As of June 30, 2009, the investments in designated non-core institutional real estate have been recorded at a value of \$240,570,000 within the real assets category of long-term investments.

Residual Asset Note:

In June 2006, the University securitized its interest in an investment banking partnership which owned rights to residual future cash flows. To effect the securitization, the rights to receive the future cash flows were transferred from the University to a 100% owned, bankruptcy remote,

For the years ended June 30, 2009 and 2008

special purpose, limited liability corporation called BU Funding, LLC (“LLC”). To finance the transaction, the LLC issued a zero coupon note to Deutsche Bank Litigation Fee Trust (“DBLF”), collateralized by the LLC’s rights to the future cash flow stream. The note has a face value of \$88.2 million, which is the aggregate amount of scheduled cash flows to be received between 2007 and 2021. The purchase price of the note was \$25.2 million and it is non-recourse to the University. As of June 30, 2009 and 2008, the carrying values of the discounted note obligation were \$34.5 million and \$31.1 million, respectively.

Through June 30, 2008, the LLC had recorded its investment in the partnership at a nominal value. In fiscal year 2009, the University adopted the fair value option pursuant to SFAS 159 for certain financial assets and liabilities. As a result of adopting SFAS 159 and changing the carrying basis of the investment in the partnership from cost to fair value, the University has recorded a cumulative effect adjustment which increased unrestricted net assets by \$31.1 million and has also recorded the asset at its fair value of \$34.5 million on the statement of financial position at June 30, 2009.

The LLC is consolidated in the financial statements of the University. The LLC’s discounted note obligation is recorded as a liability, and its investment has been recorded as an asset on the statement of financial position. The valuation of this investment is based on a present value analysis using readily available observable market discount factors applied to contractually committed cash inflows and outflows. The discount on the note will be amortized over its scheduled maturity using the effective interest method, and the note obligation will also decrease as future residual cash flows are received. Future unrealized gains and losses associated with the investment will be recorded as an offset to the amortization. As a result, the note and the related asset are expected to accrete to a maximum value of \$54.3 million in 2014, declining thereafter to a balance of zero in 2021. The risk of any disruption of future cash flows is considered remote, as the principal risks that could cause a disruption have been assumed by DBLF. Upon expected extinguishment of the note in 2021, the University remains the beneficiary of \$39.7 million of cash flows scheduled for 2022–2035. Due to the uncertainty of the timing and ultimate amount of the additional cash flows, the University has recorded a nominal value for these flows.

3. Receivables and Pledges

Accounts and loans receivable at June 30, 2009 and 2008, in thousands of dollars, consist of the following:

	2009	2008
Accounts receivable, net:		
Students	\$ 15,144	\$ 13,953
Less allowances	<u>(5,894)</u>	<u>(5,870)</u>
	9,250	8,083
Grants and contracts	53,004	44,310
Departmental sales, services, and other	30,303	36,839
Less allowances	<u>(5,804)</u>	<u>(10,976)</u>
	77,503	70,173
Student loans	71,685	69,297
Less allowances	<u>(3,108)</u>	<u>(2,556)</u>
	68,577	66,741
Receivables for investments sold	14,342	12,525
Total	<u>\$ 169,672</u>	<u>\$ 157,522</u>

Total allowances for doubtful accounts as of June 30, 2009 and 2008 are \$14,806,000 and \$19,402,000, respectively.

Included in accounts receivable at June 30, 2009 and 2008 is \$1,324,000 and \$1,175,000, respectively, related to split dollar life insurance policies. These assets have been recorded at the lower of cash surrender value or the present value of cumulative premiums paid, discounted using credit adjusted risk-free rates over the actuarially determined life expectancies of the related beneficiaries.

The University has outstanding notes, mortgages, and advances bearing interest at rates up to 5.21% at June 30, 2009 and 2008, to certain employees. The aggregated amount as of June 30, 2009 and 2008 is \$3,927,000 and \$3,765,000, respectively.

For the years ended June 30, 2009 and 2008

Pledges, net of discounts and allowances, in the amount of \$50,291,000 and \$31,702,000, are recorded as receivables with the revenue assigned to the appropriate net asset category for fiscal years 2009 and 2008, respectively. Pledges consist of unconditional written promises to contribute to the University in the future. At June 30, 2009 and 2008, pledges, in thousands of dollars, are expected to be realized in the following time frame:

	2009	2008
In one year or less	\$ 20,667	\$ 14,100
Between one year and five years	27,502	15,316
More than five years	12,534	12,345
	<u>60,703</u>	<u>41,761</u>
Discount to present value	(7,516)	(7,032)
Less allowance for unfulfilled pledges	(2,896)	(3,027)
Pledges receivable	<u>\$ 50,291</u>	<u>\$ 31,702</u>

4. Property, Plant, and Equipment

Property, plant, and equipment and related accumulated depreciation at June 30, 2009 and 2008, in thousands of dollars, consist of the following:

	2009	2008
Land	\$ 69,060	\$ 99,383
Buildings and improvements	1,847,738	2,017,438
Construction in progress	439,243	339,578
Equipment	200,140	179,159
Library books	134,563	125,304
	<u>2,690,744</u>	<u>2,760,862</u>
Less accumulated depreciation	(841,127)	(803,899)
Property, plant, and equipment, net	<u>\$1,849,617</u>	<u>\$1,956,963</u>

As of June 30, 2009 and 2008, buildings and improvements include \$84,642,000 associated with office and research space under capital lease.

During fiscal year 2009, the University incurred capital expenditures of \$25,102,000 and \$41,470,000 for construction of the National Emerging Infectious Diseases Laboratory (NEIDL) and the Student Village Phase II, respectively. These expenditures are included within construction in progress at June 30, 2009, and will be placed in service when the construction is complete and the projects are ready for their intended use. Refer to Note 7, Commitments and Contingencies, for additional disclosures regarding the NEIDL. In addition, the University reclassified its designated non-core institutional real estate with a net book value totaling \$189,914,000 from property, plant, and equipment into long-term investments (see Note 2).

Certain fully depreciated equipment amounting to approximately \$3,079,000 and \$8,706,000 was removed from the statement of financial position in 2009 and 2008, respectively.

Certain disposed property with a net book value of approximately \$559,000 was removed from the statement of financial position in 2009.

On June 30, 1998, the University entered into a lease/lease back arrangement with a private investor relating to four properties. The lease terms range from 41 to 52 years, and the total value of these properties was approximately \$222,000,000. The lease payments were prepaid to the University at the closing. The University's sublease terms range from 33 to 42 years, and the University has an option to purchase the investor's leasehold interest in the properties on dates specific to each property between years 15 and 24. The University has prefunded both the required annual sublease payment obligations and the amounts necessary to exercise each specific lease buy-out option. Accordingly, \$45,823,000 has been included in the University's consolidated statement of financial position within prepaid expenses and other assets and accounts payable and accrued expenses at June 30, 2009.

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5. Indebtedness

Notes and bonds payable at June 30, 2009 and 2008, in thousands of dollars, are as shown below:

	Outstanding Principal	
	2009	2008
Tax-Exempt Bonds, Notes, and Mortgages Payable:		
Variable-rate bonds and notes:		
Massachusetts Health and Educational Facilities Authority		
Series E, Capital Asset Program, 1.00% at June 30, 2009 due 2011	\$ 18,000	\$ 18,000
Series H, 0.17% at June 30, 2009, due 2026–2029	69,000	69,000
Massachusetts Development Finance Agency		
Series U-1 to U-3, 0.15% blended variable rate at June 30, 2009, due 2030–2040	150,000	150,000
Series U-5A to U-5B, 0.45% blended variable rate at June 30, 2009, due 2009–2031	83,800	85,300
Series U-6A to U-6E, 0.21% blended variable rate at June 30, 2009, due 2019–2042	251,065	251,065
Fixed-rate bonds and notes:		
Massachusetts Health and Educational Facilities Authority		
Series S, 4.71% blended fixed rate, due 2035–2039	35,000	35,000
Massachusetts Development Finance Agency		
Series P, 5.63% blended fixed rate, due 2025–2059	100,000	100,000
Series T-1, 5%, due 2030–2039	162,740	162,740
Series U-4, 5.65%, blended fixed rate, due 2030–2040	50,000	50,000
Total Tax-Exempt Bonds, Notes, and Mortgages Payable:	<u>919,605</u>	<u>921,105</u>
Taxable Bonds, Notes, and Mortgages Payable:		
Variable-rate bonds and notes:		
Massachusetts Health and Educational Facilities Authority		
Series N, 0.25% at June 30, 2009, due 2009–2034	134,200	134,200
Boston University:		
Series 1999 SAVRS		21,950
Royal Bank of Scotland, 1.85% at June 30, 2009, due 2009–2029	47,648	59,172
Fixed-rate bonds, notes, and mortgages:		
Massachusetts Development Finance Agency		
Series T-2, 5.27%, due 2030	4,260	4,260
Boston University:		
Century Notes, 7.63%, due 2097	100,000	100,000
Aetna Loan, 10.20%, due 2009–2018	6,475	10,298
Various notes payable, 0%–7%, due 2010–2022	4,808	5,391
Total Taxable Bonds, Notes, and Mortgages Payable:	<u>297,391</u>	<u>335,271</u>
Total Bonds, Notes, and Mortgages Payable:	<u>\$1,216,996</u>	<u>\$1,256,376</u>
Net Unamortized Bond Premium and Discount	10,549	10,747
Total Bonds, Notes, and Mortgages Payable:	<u>\$1,227,545</u>	<u>\$1,267,123</u>

BOSTON UNIVERSITY • NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED*For the years ended June 30, 2009 and 2008*

At June 30, 2009, the University had outstanding variable rate debt of \$753,713,000 and outstanding fixed rate debt, including capital lease obligations, of \$548,083,000. Plant property with a book value before depreciation of \$61,570,000 as of June 30, 2009, as well as tuition revenues, are pledged as collateral for certain obligations.

The University is also required to comply with certain financial covenants including minimum levels of debt service coverage and expendable resources.

The fair market value of the University's bonds at June 30, 2009 approximates \$1,122,493,000. The fair market value is estimated based on discounted cash flow with interest at current rates based on similar issues.

Scheduled principal payments on notes, bonds, and capital lease obligations, in thousands of dollars, are:

<u>Year</u>	<u>Principal</u>
2010	\$ 5,132
2011	23,266
2012	5,461
2013	5,724
2014	6,145
Thereafter	1,256,068
Total	<u>\$1,301,796</u>

The scheduled principal maturities represent annual payments as required under long-term debt repayment schedules.

Included in the University's debt is \$688,065,000 of variable rate demand bonds (VRDBs) which include the Massachusetts Development Finance Agency Bond Issue Series U-1 to U-3, U-5A to U-5B, U-6A to U-6E, and Massachusetts Health and Educational Facilities Authority Bond Issue Series H and N. The University has entered into irrevocable letters of credit (LOCs) with a diverse group of financial institutions to secure bond repayment and interest obligations associated with its VRDBs. In the event a bond cannot be remarketed, the bond may be "put" to the LOC provider, resulting in a loan to fund redemption of the bond. If it is assumed that all outstanding variable rate bonds are put as of July 1, 2009, aggregate scheduled repayments under the VRDB related LOCs would be as follows: \$291,923,000 in 2010, \$158,457,000 in 2011, \$158,457,000 in 2012, and \$79,228,000 in 2013. As of June 30, 2009, the University has used variable rate demand bonds backed by bank LOCs for over 2.5 years during which time there have been no instances where a variable rate demand bond failed to be remarketed and was put back to the University.

In May 2008, the University issued \$486,365,000 of Series U-1, Series U-2, Series U-3, Series U-5A, Series U-5B, Series U-6A, Series U-6B, Series U-6C, Series U-6D, and Series U-6E tax-exempt Massachusetts Development Finance Agency Variable Rate Demand Revenue Bonds (collectively, Series U Bonds). The proceeds from the sale of Series U-5A and U-5B bonds were used, together with other available funds, to refund \$85,300,000 of Massachusetts Health and Educational Facilities Authority Series Q-1 and Series Q-2 bonds. The proceeds from the sale of Series U-6A through U-6E bonds were used, together with other available funds, to refund \$250,200,000 of Massachusetts Development Finance Agency Series R-1 through R-4 bonds. The remaining proceeds from the Series U-1 through U-3 bonds in the amount of \$150,000,000 are being used to finance all or a portion of certain capital projects as well as the acquisition of certain property and buildings. The Series U bonds are structured as multi mode obligations and are currently being remarketed in a combination of weekly and daily variable rate resets and collateralized by irrevocable direct pay letters of credit. The Series U bonds mature in annual installments ranging from \$1,700,000 to \$101,290,000 in 2009 through 2042. An amount of \$9,354,000 consisting of the remaining unamortized bond issue costs relative to the refunded Series Q and Series R bonds is reflected as a deduction in the "Other additions (deductions)" line of the consolidated statements of activities.

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For the years ended June 30, 2009 and 2008

In May 2008, the University converted \$134,200,000 of Series N taxable Massachusetts Health and Educational Facilities Authority Select Auction Variable Rate Securities (SAVRS) to Variable Rate Demand Revenue Bonds. The Series N bonds are structured as multi mode obligations and are currently remarketed in a weekly variable rate reset and collateralized by an irrevocable direct pay Letter of Credit. The Series N bonds mature in annual installments ranging from \$800,000 to \$13,850,000 in 2009 through 2034. An amount of \$288,000 consisting of the remaining unamortized bond issue costs relative to the refunded Series N bonds is reflected as a deduction in the "Other additions (deductions)" line of the consolidated statements of activities.

In September 2008, the University effected an early redemption of \$21,950,000 of the outstanding Series 1999 taxable Select Auction Variable Rate Securities (SAVRS).

In June 2009, the University converted \$50,000,000 of Series U-4 Tax Exempt Massachusetts Development Finance Agency Variable Rate Revenue Bonds to a fixed rate with maturity dates in 2035 and 2040 at a blended fixed interest rate of 5.65%. The Series U-4 bonds were initially issued in May 2008. An amount of \$186,000 consisting of the remaining unamortized bond issue costs relative to the refunded Series U-4 bonds is reflected as a deduction in the "Other additions (deductions)" line of the consolidated statement of activities.

During the year ended June 30, 2009, the University arranged \$135,000,000 of 364-day committed lines of credit with four financial institutions. Outstanding loans against the lines were \$42,500,000 at June 30, 2009. These loans were outstanding for six days and were paid in full on July 3, 2009.

In August 2009, the University's Series U-5A and U-5B irrevocable direct pay letters of credit with RBS Citizens, NA were confirmed by an irrevocable standby letter of credit issued by the Federal Home Loan Bank of Boston. This transaction was completed to address the impact of the March 2009 downgrade of RBS Citizens public debt ratings.

The University has entered into various long-term interest rate exchange agreements in order to partially hedge variable interest rate exposure on certain debt issues, thereby managing the interest cost and risk associated with its outstanding debt. At June 30, 2009, the University had interest rate exchange agreements with total notional principal of \$581,138,000 with expiration dates through 2042. These instruments require the University to make fixed rate payments in exchange for variable rate payments on the respective notional principal amounts. The notional amounts of each interest rate exchange agreement decrease as payments on the underlying obligations are made. The University receives variable rate payments that are expected to approximate interest on the underlying variable rate debt.

Below is a summary of the terms of the University's outstanding interest rate exchange agreements as of June 30, 2009, in thousands of dollars:

Interest Rate Exchange Agreement	Notional Amount	Effective Date	Termination Date	University Pays	University Receives
Royal Bank of Scotland	\$ 47,648	8/15/2006	8/15/2029	5.65%	3-Mo. GBP LIBOR +45 basis points
Series H	25,000	10/30/1997	12/1/2027	5.28%	SIFMA *
Series N	24,490	10/30/1997	10/1/2027	6.79%	LIBOR *
Series U5	83,800	10/30/2001	10/1/2031	4.10%	67% of 1-Mo. USD LIBOR *
Series U6	10,700	10/1/2002	10/1/2022	4.16%	67% of 1-Mo. USD LIBOR *
Series U6	239,500	7/1/2008	10/1/2042	5.42% **	SIFMA *
Series U1-3	150,000	10/1/2007	10/1/2040	3.97% **	69% of 1-Mo. USD LIBOR *

*SIFMA—Securities Industry and Financial Markets Association Municipal Swap Index

GBP—Great Britain Pound

LIBOR—London Interbank Offered Rate

**Represents a Blended Interest Rate

For the years ended June 30, 2009 and 2008

During the year ended June 30, 2007, the University entered into a fixed rate swaption agreement on the Series S bonds with a notional amount of \$35,000,000. Under the swaption, the University received \$2,304,000 from the counterparty in exchange for a one-time option to enter into a fixed rate swap on October 1, 2014, the call date of the Series S bonds. The option, if exercised provides that the University pay a fixed rate of 4.70% in exchange for a variable rate equal to the monthly SIFMA municipal swap index rate on an amortizing notional amount consistent with the existing principal amortization schedule for the Series S bonds. The fixed rate for Series S is 4.71%.

During the year ended June 30, 2008, the University entered into a fixed rate swaption agreement relating to the Series T bonds with a notional amount of \$162,740,000. Under terms of this swaption agreement the University received \$10,000,000 from the counterparty in exchange for a one-time option to enter into a fixed rate swap on October 1, 2015, the call date of the Series T bonds. The option, if exercised provides that the University pay a fixed rate of 4.95% in exchange for a variable rate equal to the monthly SIFMA municipal swap index rate on an amortizing notional amount consistent with the existing principal amortization schedule for the Series T bonds. The fixed rate for Series T is 5%.

Interest rate exchange agreements, including the Series S and T swaption agreements, are recorded at an estimated market value of \$(152,714,000) and \$(112,092,000) at June 30, 2009 and 2008, respectively, are included in accounts payable and accrued expenses, and the decrease in estimated market value of \$(40,622,000) and \$(65,626,000) in 2009 and 2008, respectively, is included in nonoperating losses on interest rate exchange agreements. The estimated market value of the interest rate exchange agreements at June 30, 2009, was computed by the counterparties and validated by the University using the net present value of fixed and floating future cash flows, with floating future flows estimated through the use of forward interest rate yield curves and is adjusted to reflect the risk of non-performance as required per SFAS 157. The total adjustment for non-performance risk reduced the liability by \$11,068,000 in fiscal 2009. These financial instruments necessarily involve counterparty credit exposure. The counterparties for these interest rate exchange transactions are a diversified group of major financial institutions that meet the University's criteria for financial stability and creditworthiness. Interest rate exchange agreements include two-way collateral posting requirements intended to mitigate credit risk. At June 30, 2009 and 2008, the University was required to post collateral in the amount of \$32,262,000 and \$14,245,000, respectively. In fiscal years 2009 and 2008, the University paid net settlement costs on interest rate exchange agreements of \$19,320,000 and \$3,287,000, respectively. These net settlement costs have been recorded as nonoperating activities within the consolidated statements of activities.

Interest expense of approximately \$36,392,000 and \$52,534,000 incurred in fiscal years 2009 and 2008, respectively, is net of \$3,633,000 and \$3,139,000 respectively, in interest capitalized as a cost of construction.

6. Pension and Other Employee Benefits

403(b) Plan:

The University makes retirement plan contributions to Teachers Insurance and Annuity Association (TIAA), College Retirement Equities Fund (CREF), and Fidelity Investments for faculty and staff. This 403(b) plan is a defined contribution plan available to all employees who work at least 50% of a full-time schedule, and have an appointment or an expected assignment duration of at least nine months. The expenses for this program amounted to \$51,475,000 in fiscal year 2009 and \$48,311,000 in fiscal year 2008.

Pension and Other Postretirement Benefit Plans:

The University maintained a qualified defined benefit pension plan that covered certain retirees and eligible employees who elected to participate before December 31, 1986. As of December 31, 1986, the plan was closed to any new participants as well as to additional employee contributions.

During fiscal year 2008, the University initiated the process to terminate the Boston University Retirement Income Plan. The Plan assets were used to purchase guaranteed annuities on behalf of the participants in order to settle the pension liability. The selected insurance carrier met the "Safest Available Annuity" guidelines set by the Department of Labor regulations under the Employee Retirement Income Security Act. Required annuity purchases totaling \$16,177,000

BOSTON UNIVERSITY • NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the years ended June 30, 2009 and 2008

were made during the fiscal year. The remaining \$3,723,000 of plan assets were used to purchase additional benefits for the participants. The University is awaiting a final determination from the Internal Revenue Service on the plan termination filing. Once the final determination has been received, the University will complete the termination of the Plan.

During fiscal year 2009, the University initiated the process to discontinue a plan option that offers subsidized health care coverage to employees who retire from the University after age 55 until age 65, provided they have at least ten consecutive years of participation in the plan at the time they retire. This change applies to any employee who terminates from the University on or after September 1, 2009. The program change resulted in a reduction of the benefit liability from \$34,797,000 in fiscal year 2008 to \$14,740,000 in fiscal year 2009. The University will continue to provide minimal life insurance benefits to retirees.

Pension and other Postretirement Benefit Plans at June 30, 2009 and 2008, in thousands of dollars:

	Pension Benefits		Other Benefits	
	2009	2008	2009	2008
Change in Benefit Obligation				
Benefit obligation at beginning of year . . .	\$ 3,723	\$ 16,326	\$ 34,797	\$ 33,795
Service cost			1,693	2,054
Interest cost		915	1,820	2,079
Plan amendments		3,994	(23,223)	(26)
Actuarial (gain) loss		563	2,067	(669)
Benefits paid		(1,898)	(2,414)	(2,436)
Settlements	(3,723)	(16,177)		
Benefit obligation at end of year		3,723	14,740	34,797
Change in Plan Assets				
Fair value of plan assets at				
beginning of year	3,723	20,629		
Actual return on plan assets		1,169		
Benefits paid		(1,898)		
Settlements	(3,723)	(16,177)		
Fair value of plan assets at end of year . . .		3,723		
Funded status			(14,740)	(34,797)
Net amount recognized	\$	\$	\$ (14,740)	\$ (34,797)
Other Changes in Plan Assets and Benefit Obligations Recognized in the Statement of Activities:				
Curtailement effects			3,299	
Settlements		(2,105)		
Current year actuarial gain		1,057	2,067	(669)
Amortization of actuarial gain (loss)		(234)	(1,340)	(1,342)
Current year prior service (credit)/cost . . .		3,994	(23,223)	(26)
Amortization of prior service (credit)/cost .		(6,225)	1,709	1,095
Total recognized in Statement of Activities	\$	\$ (3,513)	\$ (17,488)	\$ (942)
Amounts recognized in Statement of Financial Position consist of:				
Accrued postretirement benefit obligation .	\$	\$	\$ (14,740)	\$ (34,797)
	\$	\$	\$ (14,740)	\$ (34,797)
Amounts recognized in Unrestricted Net Assets consist of:				
Net actuarial loss	\$	\$	\$ 14,510	\$ 13,783
Prior service cost/(credit)			(22,339)	(4,124)
	\$	\$	\$ (7,829)	\$ 9,659

For the years ended June 30, 2009 and 2008

	Pension Benefits		Other Benefits	
	2009	2008	2009	2008
Weighted-average Assumptions as of June 30 used to determine benefit obligation				
Discount rate	N/A	6.25%	5.25%	6.00%
Initial health care trend	N/A	N/A	8.50%	9.00%
Ultimate health care trend	N/A	N/A	5.00%	5.00%
Years to reach ultimate	N/A	N/A	7	8

For measurement purposes, a 8.5% and 9% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2009 and 2008, respectively, decreasing at 1% per year thereafter until an ultimate rate of 5% in 2017.

Components of Net Periodic Benefit Cost, in thousands of dollars

Service cost	\$	\$	\$ 1,693	\$ 2,054
Interest cost		915	1,820	2,079
Expected return on plan assets		(1,663)		
Amortization of prior service cost		6,225	(1,709)	(1,095)
Curtailment gain			(3,299)	
Settlement loss		2,105		
Amortization of actuarial loss		234	1,340	1,342
Net periodic benefit cost	\$	\$ 7,816	\$ (155)	\$ 4,380

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

	1% Point Increase	1% Point Decrease
Effect on total of service and interest cost components	\$ 315	\$ (283)
Effect on postretirement benefit obligation	512	(479)

The accumulated benefit obligation at the end of the fiscal year 2009 and 2008 was \$0 and \$3,723,000, respectively.

Plan Assets

The pension plan weighted average asset allocations as of June 30, 2008 was as follows:

Asset Category	Plan Assets
	Fiscal Year Ending 2008
Equity securities	78%
Fixed income	22%

The expected long-term rate of return assumption represents the expected average rate of earnings on the fund invested or to be invested to provide for the benefits included in the benefit obligations. The long-term rate of return assumption is determined based on a number of factors, including historical market index returns, the anticipated long-term asset allocation of the plans, historical plan return data, plan expenses, and the potential to outperform market index returns.

For the years ended June 30, 2009 and 2008

Expected Cash Flows

Information about the expected cash flows for the U.S. pension and other postretirement benefit plans are in thousands of dollars, as follows:

	<u>Pension Benefits</u>	<u>Other Benefits</u>
Employer contributions		
2010 (Expected)		\$2,414
Expected benefit		
2010		2,347
2011		2,365
2012		2,195
2013		1,814
2014		1,635
2015–2018		5,367

7. Commitments and Contingencies

As of June 30, 2009, approximately \$140,640,000 is committed principally on open construction contracts and capital acquisitions. This amount will be financed from operations, federal government grants, private donations, and borrowings.

The University has also formally agreed to support the Huntington Theatre, Inc., a nonprofit theatre production company, during the next year in the amount of \$510,000.

The University is committed to minimum annual rent payments under several long-term noncancelable operating and capital leases through the year 2038, for the use of educational facilities and office space, in thousands of dollars, as follows:

	<u>Operating</u>	<u>Capital</u>
2010	\$ 20,904	\$ 3,738
2011	19,619	3,738
2012	18,896	3,868
2013	18,317	3,868
2014	17,140	3,956
Thereafter	<u>149,460</u>	<u>208,832</u>
	\$ 244,336	\$ 228,000
Less: Amounts representing interest		<u>143,200</u>
Capital lease obligation		<u>\$ 84,800</u>

Rent expense for educational facilities and office space amounted to \$22,174,000 and \$23,268,000 during the years ended 2009 and 2008, respectively. Certain of these leases provide for an option to purchase these properties at fair value.

In fiscal 1993, the University commenced leasing a 180,000-square-foot biomedical research facility under a 25-year noncancelable lease requiring minimum annual lease payments of approximately \$3,276,000, which are included in the table above. The building was constructed at a cost of \$41,500,000 by a trust of which the University is a 50% beneficiary. The trust had outstanding debt of \$17,503,000 at June 30, 2009.

In fiscal 2000, the University commenced leasing a portion of a 171,000-square-foot biomedical research facility. The 30-year noncancelable lease of 69,000 square feet of space requires minimum annual lease payments of approximately \$2,043,000, which are included in the table above. The building was constructed at a cost of \$52,132,000 by a trust of which the University is a 50% beneficiary. As of June 30, 2009, the trust had outstanding debt of approximately \$19,405,000.

In fiscal 2000, the University commenced leasing 50% of a 1,000-space parking garage under a 20-year noncancelable lease requiring minimum annual lease payments of \$758,000, which are included in the table above. The garage was constructed at a cost of \$18,187,000 by a nonprofit corporation of which the University has a 50% interest. As of June 30, 2009, the corporation had outstanding debt of approximately \$12,100,000.

For the years ended June 30, 2009 and 2008

The University has leased a property under a 10-year noncancelable lease requiring minimum annual lease payments of \$715,000, which are included in the table above. The building was constructed at a cost of approximately \$9,105,000 by a real estate partnership of which the University owns 45%. As of June 30, 2009, the real estate partnership had outstanding debt of approximately \$9,200,000.

On July 1, 1996, the University entered into a Support Agreement with the Boston Medical Center Corporation which was formed from the merger of Boston City Hospital and Boston University Medical Center Hospital. The commitment for fiscal year 2010 approximates \$8,000,000.

During fiscal 2004, the University entered into a lease agreement for approximately 52,000 square feet of newly constructed office and research space in a 161,000-square-foot biomedical research facility at 670 Albany Street. During fiscal 2006, the University took occupancy and recorded a capital lease asset and obligation associated with this agreement. Future minimum lease payments under this agreement amount to approximately \$58,345,000, to be paid over the 60-year term.

During fiscal 2006, the University entered into a lease agreement to occupy an additional 22,000 square feet of office and research space at 670 Albany Street. During fiscal 2007, the University took occupancy and recorded a capital lease asset and obligation associated with this agreement. Future minimum lease payments under this agreement amount to approximately \$26,455,000, to be paid over the 60-year term.

In September 2003, the University received an award from the National Institutes of Health ("NIH") for the construction of a Level-4 National Emerging Infectious Diseases Laboratory ("NEIDL") to be located on the University's Medical Campus. This laboratory will be used by the University, Boston Medical Center, as well as other organizations to support the federal government's bio-defense effort. As part of this award, NIH will provide \$141 million of the construction costs of the NEIDL. Boston University and Boston Medical Center will each provide \$28.3 million toward construction, and will each receive a 50% equity interest in the NEIDL. As such, both parties have the right to share equally in the future operating activities of the laboratory. Whereas the University controls the activity associated with the award, the costs of construction have been recorded on the accompanying consolidated financial statements, and Boston Medical Center's 50% equity interest has been recorded as a minority interest liability. As of June 30, 2009, the University incurred expenditures of approximately \$191,653,000 toward construction of the laboratory, of which \$134,468,000 and \$26,774,000 have been reimbursed to the University by NIH and Boston Medical Center, respectively. Based on the construction costs incurred and reimbursement received through June 30, 2009, \$94,008,000 has been recorded as a minority interest liability on the University's financial statements, and \$67,234,000 of the NIH reimbursement has been recorded as an increase to temporarily restricted net assets and will be released from restriction when the NEIDL is placed in service.

Audits of specific contracts and grants by the Department of Health and Human Services have been conducted on a periodic basis. The University believes that adverse determinations, if any, from audits by the Department of Health and Human Services or other agencies will not be material to the financial statements.

The University is a defendant in various legal actions arising out of the normal course of its operations. Although the final outcome of such actions cannot currently be determined, the University believes that eventual liability, if any, will not have a material effect on the University's financial position.

For the years ended June 30, 2009 and 2008

8. Statement of Cash Flows

Due to the September 2008 bankruptcy of Lehman Brothers Holdings Inc. (parent/guarantor of the University's swap counterparty Lehman Brothers Commercial Bank, LBCB), in October 2008 the University elected to simultaneously terminate all its LBCB swaps and enter into replacement swaps with a diverse group of new counterparties.

Included in the line item "Payment on swap termination", the \$54.9 million termination amount paid to LBCB is reported on the consolidated statement of cash flows within Cash Flows from Operating Activities in accordance with the requirements of SFAS95, "Statement of Cash Flows."

Included in the line item "Proceeds from replacement swap transactions", the \$58.6 million offsetting amount received from the new counterparties is reported on the consolidated statement of cash flows within Cash Flows from Financing Activities in accordance with the requirements of SFAS133, "Accounting for Derivative Instruments and Hedging Activities."

On the consolidated statement of activities, the net gain of \$3.7 million realized by the University as a result of the above transactions is recorded in the Nonoperating Revenues section in the line item "Other additions (deductions), net."

9. Subsequent Events

In September 2009, the University announced the receipt of two pledges totaling \$20,000,000 of which \$2,500,000 has been paid through September 2009. Subsequent events have been evaluated through October 22, 2009, which is the date the financial statements were available to be issued.

Schedule of Expenditures of Federal Awards

Boston University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

	Federal CFDA Number	Total Federal Expenditures
Research and Development and Research Training Programs Cluster		
Research and Development Direct Programs		
Department of Health and Human Services		
Agency for Healthcare, Research, and Quality	93	\$ 37,541
Agency for Healthcare, Research, and Quality	93.226	(15,668)
Center for Disease Control	93	1,249,295
Center for Disease Control	93.061	104,725
Center for Disease Control	93.063	26,720
Center for Disease Control	93.067	191,648
Center for Disease Control	93.135	728,574
Center for Disease Control	93.136	241,905
Center for Disease Control	93.262	462,345
Fogarty International Center	93.989	422,132
Food and Drug Administration	93.103	118,677
Health Resources and Services Administration	93.110	53,176
Health Resources and Services Administration	93.887	217,507
Health Resources and Services Administration	93.889	1,671,421
Health Resources and Services Administration	93.928	1,910
National Cancer Institute	93	257,099
National Cancer Institute	93.393	3,305,849
National Cancer Institute	93.394	540,714
National Cancer Institute	93.395	695,330
National Cancer Institute	93.396	2,066,014
National Cancer Institute	93.397	(376)
National Cancer Institute	93.398	86,495
National Cancer Institute	93.399	855,517
National Cancer Institute - ARRA	93.701	11,195
National Cancer Institute	93.931	(4,037)
National Cancer Institute	93.934	177,835
National Cancer Institute	93.951	237,274
National Center for Complementary & Alternative Medicine	93.213	1,025,990
National Center for Health Research Resources	93.839	8,419,781
National Center for Human Genome Research	93.172	1,919,019
National Eye Institute	93.867	2,627,885
National Heart, Lung, and Blood Institute	93	8,860,286
National Heart, Lung, and Blood Institute	93.233	38,891
National Heart, Lung, and Blood Institute	93.837	20,861,095
National Heart, Lung, and Blood Institute	93.838	7,181,488
National Heart, Lung, and Blood Institute	93.839	2,340,026
National Heart, Lung, and Blood Institute	93.866	439,503
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846	7,096,087
National Institute of Allergy and Infectious Diseases	93.855	11,119,880
National Institute of Allergy and Infectious Diseases	93.856	503,402
National Institute of Allergy and Infectious Diseases	93.865	473,695
National Institute of Biomedical Imaging and BioEngineering	93.286	2,595,808
National Institute of Biomedical Imaging and BioEngineering	93.287	8,878
National Institute of Biomedical Imaging and BioEngineering - ARRA	93.701	876
National Institute of Child Health and Human Development	93.864	566,888
National Institute of Child Health and Human Development	93.865	1,874,149
National Institute of Dental and Craniofacial Research	93.121	7,341,560
National Institute of Diabetes and Digestive and Kidney Disease	93.847	3,400,645

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Boston University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

	Federal CFDA Number	Total Federal Expenditures
Research and Development and Research Training Programs Cluster (cont.)		
Research and Development Direct Programs (cont.)		
National Institute of Diabetes and Digestive and Kidney Disease	93.848	\$ 2,311,400
National Institute of Diabetes and Digestive and Kidney Disease	93.849	624,681
National Institute of Environmental Health Services	93.113	6,346,599
National Institute of Environmental Health Services	93.115	19,671
National Institute of Environmental Health Services	93.143	1,226,702
National Institute of General Medical Sciences	93.390	165,144
National Institute of General Medical Sciences	93.821	(869)
National Institute of General Medical Sciences	93.853	34,857
National Institute of General Medical Sciences	93.859	9,545,006
National Institute of General Medical Sciences	93.862	(3,727)
National Institute of General Medical Sciences	93.863	(286)
National Institute of Neurological Disorders and Stroke	93.853	5,311,950
National Institute of Neurological Disorders and Stroke	93.854	7,421
National Institute on Aging	93.866	16,041,933
National Institute on Alcohol Abuse	93.271	242,948
National Institute on Alcohol Abuse	93.273	2,034,890
National Institute on Deafness & Other Communication Disorders	93.173	5,975,770
National Institute on Deafness & Other Communication Disorders - ARRA	93.701	3,250
National Institute on Drug Abuse	93.277	89,547
National Institute on Drug Abuse	93.279	2,464,262
National Institute on Drug Abuse - ARRA	93.701	1,828
National Institute on Mental Health	93	(14,475)
National Institute on Mental Health	93.242	8,747,894
National Institute on Mental Health	93.281	500,408
National Institutes of Health Office of the Director	93.310	563,927
NIH Center, Clinical Center	93	2,277
Department of Health and Human Services Subtotal		164,679,657
Department of Education		
Department of Education	84.133	351,125
Department of Education	84.305	286,521
Department of Education Subtotal		637,646
National Science Foundation		
National Science Foundation	47	85,957
National Science Foundation	47.041	1,897,088
National Science Foundation	47.047	166,468
National Science Foundation	47.049	4,759,961
National Science Foundation	47.050	5,618,881
National Science Foundation	47.070	3,855,539
National Science Foundation	47.074	1,751,089
National Science Foundation	47.075	5,420,224
National Science Foundation	47.076	228,372
National Science Foundation	47.078	52,872
National Science Foundation	47.079	168
National Science Foundation	47.080	82,392
National Science Foundation - ARRA	47.082	43,625
National Science Foundation Subtotal		23,962,636

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Boston University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

	Federal CFDA Number	Total Federal Expenditures
Research and Development and Research Training Programs Cluster (cont.)		
Research and Development Direct Programs (cont.)		
Department of Defense		
Air Force	12	\$ 1,229,577
Air Force	12.630	1,477,588
Air Force	12.80	1,103,141
Army	12	276,823
Army	12.420	1,068,785
Army	12.431	87,732
Army	12.630	6,033,917
Army	12.910	77,169
Navy	12	2,320
Navy	12.300	2,319,304
Department of Defense Subtotal		13,676,356
Department of Energy		
Department of Energy	81	18,983
Department of Energy	81.049	3,904,782
National Energy Technology Lab	81.089	113,759
Department of Energy Subtotal		4,037,524
Smithsonian Institution		
Smithsonian Institution	85.601	870
Smithsonian Institution Subtotal		870
Agency for International Development		
Agency for International Development	98	775,246
Agency for International Development	98.001	2,614,087
Agency for International Development Subtotal		3,389,333
National Aeronautics and Space Administration		
National Aeronautics and Space Administration	43	5,427,197
National Aeronautics and Space Administration Subtotal		5,427,197
Department of Agriculture		
Department of Agriculture	10	66,388
Department of Agriculture	10.001	31,728
Department of Agriculture Subtotal		98,116
Department of Commerce		
Department of Commerce	11.431	404
Department of Commerce Subtotal		404
Department of Homeland Security		
Department of Homeland Security	97.077	69,308
Department of Homeland Security Subtotal		69,308
Department of the Interior		
Department of the Interior	15	191,563
Department of the Interior	15.915	36,672
Department of the Interior Subtotal		228,235
Department of Transportation		
Department of Transportation	20.200	88,809
Department of Transportation Subtotal		88,809

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Boston University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

	Federal CFDA Number	Total Federal Expenditures
Research and Development and Research Training Programs Cluster (cont.)		
Research and Development Direct Programs (cont.)		
Department of Veterans Affairs		
Department of Veterans Affairs	64	\$ 228,128
Department of Veterans Affairs Subtotal		<u>228,128</u>
Environmental Protection Agency		
Environmental Protection Agency	66	(3,035)
Environmental Protection Agency Subtotal		<u>(3,035)</u>
Research and Development Direct Program Subtotal		<u>216,521,184</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Boston University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

	Federal CFDA Number*	Pass-through Number*	Total Federal Expenditures
Research and Development and Research Training Programs Cluster (cont.)			
Research and Development Pass-through Programs			
Department of Health and Human Services			
Alem Associates, Inc.	93.286	2 R44 EB001009-02	\$ 81,245
University of California, San Diego	93.866	AG10483	7,954
American College of Radiology	93.396	U10 CA21661	3,196
Aphios Corporation	93.395	1 R41 CA126317 01A1	73,195
Association of Schools of Public Health	93.238	S3492-23/23	34,011
Association of Schools of Public Health	93.283	S3485-23/24 (CDC/ASPH)	(309)
Behavioral Tech Research, Inc.	93.242	R44 MH079525-02	93,688
Behavioral Tech Research, Inc.	93.242	R43 MH082475-01	37,572
Beth Israel Deaconess Medical Center	93	5 R01 CA115296-02	(26,147)
Beth Israel Deaconess Medical Center	93.286	1 R01 EB003472-01A1	33,755
Beth Israel Deaconess Medical Center	93.394	5 R21 CA129758-02	30,592
Beth Israel Deaconess Medical Center	93.394	2 R21 CA11018	(654)
Beth Israel Deaconess Medical Center	93.394	1 R21 CA129758-01	34,066
Beth Israel Deaconess Medical Center	93.395	5 R01 CA119045 02	196,141
Beth Israel Deaconess Medical Center	93.846	1 R01 AR 053896-02	84,418
Beth Israel Deaconess Medical Center	93.853		(3,883)
Beth Israel Deaconess Medical Center	93.865	HD046442	56,742
Boston College	93.173	1097-1	194,540
Boston College	93.859	1 R01 GM071309	70,687
Boston Medical Center	93	200-2007-23690	11,627
Boston Medical Center	93.226	198102	21,286
Boston Medical Center	93.243	INTF2330M04W76112076	51,513
Boston Medical Center	93.243	252102	42,689
Boston Medical Center	93.273	R01 AA016059	1,634
Boston Medical Center	93.273	5 R01 AA016059-03	8,258
Boston Medical Center	93.273	226001	63,285
Boston Medical Center	93.273	5 R01 AA16059 02	54,589
Boston Medical Center	93.273	1 R01 DA025068-01	90,744
Boston Medical Center	93.279	262301	123,251
Boston Medical Center	93.279	R01 DA025068	26,388
Boston Medical Center	93.279	269301	14,244
Boston Medical Center	93.279	212103	96,998
Boston Medical Center	93.283	545345S	18,803
Boston Medical Center	93.283	239002	112,355
Boston Medical Center	93.283	252002	63,790
Boston Medical Center	93.393	268301	27,691
Boston Medical Center	93.395	249301	88,531
Boston Medical Center	93.848	5 P30 DK46200 15	7,355
Boston Medical Center	93.848	187007	5,967
Boston Medical Center	93.855	1R34AID76610-01	31,588
Boston Medical Center	93.856	199103	363,635
Boston Medical Center	93.866	1 P30 AG031679-01	12,512
Boston Medical Center	93.866	0270501	45,332
Boston Medical Center	93.866	P30 AG031679	3,157
Boston Medical Center	93.866	252701	54,939
Boston Medical Center	93.866	1R01 AG031206-01	85,713
Boston Medical Center	93.866	270501	89,372
Boston Medical Center	93.866	260301	4,303
Boston Medical Center	93.948	187003	(840)
Boston Public Health Commission	93.926	5240	(753)
Brandeis University	93	4-01238	91,885
Brandeis University	93.837	269401	9,419
Brandeis University	93.866	R01 AG01974	5,139

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Boston University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

	Federal CFDA Number*	Pass-through Number*	Total Federal Expenditures
Research and Development and Research Training Programs Cluster (cont.)			
Research and Development Pass-through Programs (cont.)			
Brigham and Women's Hospital	93.113	701381	\$ (5,350)
Brigham and Women's Hospital	93.121	103106-1	68,096
Brigham and Women's Hospital	93.121	151761	228,031
Brigham and Women's Hospital	93.121	3 P50 DE016191 04S1 REVISED	153,375
Brigham and Women's Hospital	93.121	5 P50 DE16191 03	112,354
Brigham and Women's Hospital	93.121	151921	7,448
Brigham and Women's Hospital	93.242	5 R01 MH069732-04	18,886
Brigham and Women's Hospital	93.242	R01 MJ069732	22,152
Brigham and Women's Hospital	93.838	104228	41,561
Brigham and Women's Hospital	93.846	103128	117,868
Brigham and Women's Hospital	93.846	144231	(57,650)
Brigham and Women's Hospital	93.853	156611-10	23,718
Brigham and Women's Hospital	93.864	104182	7,009
Brigham and Women's Hospital/Harvard NeuroDiscovery Center	93.853	156611	32,086
Broad Institute	93	5710002288	104,488
Brown University	93.279	1548-27419ERSITY -- NIH	(561)
Brown University	93.393	5 R01 CA078609 10	341,362
California Pacific Medical Center	93.866	2803204-0S087	8,769
Case Western Reserve University	93.866	RES501008	278,180
Children's Hospital, Boston	93.172	147949	56,349
Children's Hospital, Boston	93.243	U79 SMO58141	36,703
Children's Hospital, Boston	93.286	5 R01 EB003052	(9)
Children's Hospital, Boston	93.837	1 R01 HL094262-01	12,978
Children's Hospital, Boston	93.837	5 R01 HL060490-10	25,694
Children's Hospital, Boston	93.837	5 R01 HL071128	(162)
Children's Hospital, Boston	93.837	5 R01 HL073647-04	(434)
Children's Hospital, Boston	93.837	5 R01 HL073647-05	132,221
Children's Hospital, Philadelphia	93.837	20616-04-02	(10,633)
Children's Hospital, Philadelphia	93.853	CHOP 2070401-01	26,356
Children's Hospital, Seattle	93.121	414450020101.BU01	17,814
Cleveland Clinic Foundation	93	HHSN2682007000036	38,316
Columbia University	93.394	1 R01 CA 127500-01A2	59,097
Commonwealth of Massachusetts	93	200-2001-00082	29,065
Commonwealth of Massachusetts	93	641333AWTOBU	1,493
Commonwealth of Massachusetts	93	INTF3410H22W97610011	10,619
Commonwealth of Massachusetts	93	INTF3122HH2W97913014	174,182
Commonwealth of Massachusetts	93.283	INTF3122H25RFR3AW001	237,551
Commonwealth of Massachusetts	93.889	INTF6207PP1906110930-01	9,191
Dana Farber Cancer Institute	93.855	1149601	33,085
Duke University	93	3038571	72,867
EIC Laboratories, Inc.	93.853	5 R44 NS049687 03	62,487
Emory University	93.853	2 R01 NS3522 04A 1	(12,650)
Fenway Community Health Center	93	1 R21 HD51178 01A 1	30,919
Fenway Community Health Center	93	DA017616	(1,563)
Forsyth Institute	93.121	2179-05A 1-01	(265)
Forsyth Institute	93.121	5 R01 DE015847 03	15,743
Gene Regulation Laboratories	93.839	R42 HL062715	(6,498)
General Hospital Corporation	93.173	206553	86,449
General Hospital Corporation	93.279	1 R01 DA018603	185
General Hospital Corporation	93.279	R01 DA018603	2,222
Harvard Medical School	93.866	150000-0003	(8,263)
Harvard Medical School	93.866	158175-0004	86,755
Harvard Medical School	93.866	AG008812	(13,486)
Harvard Pilgrim Health Care	93.242	16857544	32,019

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Boston University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

	Federal CFDA Number*	Pass-through Number*	Total Federal Expenditures
Research and Development and Research Training Programs Cluster (cont.)			
Research and Development Pass-through Programs (cont.)			
Harvard School of Dental Medicine	93.279	158175-2103547	\$ 45,989
Harvard School of Dental Medicine	93.279	158144-0007	(7,121)
Harvard School of Dental Medicine	93.279	158148-0002	6,520
Harvard School of Public Health	93.135	5 U48 DP0000064 04	13,836
Harvard School of Public Health	93.135	CCU115807-06	(7,036)
Harvard School of Public Health	93.135	DP00764	(3,900)
Harvard School of Public Health	93.136	23650-115772	5,973
Harvard School of Public Health	93.262	5 U19 OH08861 02	38,822
Harvard School of Public Health	93.286	EB006195	75,686
Harvard School of Public Health	93.393	CA87982	(73)
Harvard School of Public Health	93.864	23680-116182-00	14,400
Harvard School of Public Health	93.865	5 U01 HD52102 05	31,345
Harvard School of Public Health	93.93061	1 P01 TP000307-01	41,594
Harvard University	93	148988.0680	146,462
Harvard University	93.172	5 P41 HG000739-13	(1,058)
Harvard University	93.172	5 P41 HG000739-16	33,451
Harvard University	93.859	R01 GM078209	65,581
Hebrew Rehab Center for the Aged	93.846	90019	303,832
Hebrew Rehab Center for the Aged	93.846	90028	95,356
Hebrew Rehab Center for the Aged	93.846	90036	343,461
Hebrew Rehab Center for the Aged	93.846	AR41398	(6,234)
Hebrew Rehab Center for the Aged	93.866	HRCA 92010	(15,307)
Hebrew Rehab Center for the Aged	93.866	HRC 92122	30,594
Hebrew Rehab Center for the Aged	93.866	90030	22,762
Hebrew Senior Life	93.846	1 R21 AR53992 01A2	94,998
Immune Tolerance Network	93.855	3324SC	413,732
Indiana University	93.849	P01DK043881	107,413
Indiana University	93.849	R01 DK059933	60,327
Jackson Laboratory	93.839	575086	(2,570)
Jackson Laboratory	93.839	5 U01 HL66611 08	210
Johns Hopkins University	93.846	8503-92694-4	(15,878)
Johns Hopkins University	93.859	2000559682	15,450
Johns Hopkins University	93.866	P01 AG0009973	279,707
Joslin Diabetes Center, Inc.	93.855	1 R01 AI072073-01A1	111,108
Massachusetts Eye and Ear Infirmary	93	R01 DC005775	4,904
Massachusetts Eye and Ear Infirmary	93.173	2 R01 DC005775-06A1	39,454
Massachusetts Eye and Ear Infirmary	93.173	5 R01 DC006201-04	5,932
Massachusetts Eye and Ear Infirmary	93.173	R01 DC007582-02	51,679
Massachusetts General Hospital	93	5 P01 AG12992-05	(47,304)
Massachusetts General Hospital	93.283	206401	108,700
Massachusetts General Hospital	93.286	1 R21 EB007718-01	9,349
Massachusetts General Hospital	93.394	204767	104,464
Massachusetts General Hospital	93.395	R21 CA 126761	36,606
Massachusetts General Hospital	93.837	1 R01 HL093717-01	6,180
Massachusetts General Hospital	93.837	203660	118,725
Massachusetts General Hospital	93.837	206400	82,722
Massachusetts General Hospital	93.838	205123	12,360
Massachusetts General Hospital	93.838	R01 HL086827-03	18,541
Massachusetts General Hospital	93.847	207092	204,827
Massachusetts General Hospital	93.847	208376	7,183
Massachusetts General Hospital	93.847	5 P30 DK57521 08	20,642
Massachusetts General Hospital	93.853	208128	173,155
Massachusetts General Hospital	93.853	208138	85,276
Massachusetts General Hospital	93.853	P01 NS045242	(6,349)
Massachusetts General Hospital	93.854	5 P50 NS016367-27	5,848
Massachusetts General Hospital	93.854	5 P50 NS016367-28	186,772
Massachusetts General Hospital	93.854	PRE-AWARD	16,079

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Boston University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

	Federal CFDA Number*	Pass-through Number*	Total Federal Expenditures
Research and Development and Research Training Programs Cluster (cont.)			
Research and Development Pass-through Programs (cont.)			
Massachusetts General Hospital	93.855	206547	\$ 25,196
Massachusetts General Hospital	93.867	EY14106	13,596
Massachusetts Institute of Technology	93.173	5710001669	26,492
Massachusetts Institute of Technology	93.173	R01 DC003007-11A1	66,202
MatTek Corporation	93.855	U01 A170914	128,101
Mayo Clinic	93	MCRN-0054-CFN-MYO	13,826
Mayo Clinic	93.867	7 R01 EY14467 06	450
McLean Hospital	93.242	P50 MH060450	359,294
Medical College of Wisconsin	93.31	1059181	330,461
Medical Discovery Partners, Inc.	93.838	1R43HL093903-01	34,183
Memorial Sloan Kettering Cancer Center	93.846	AR019342	56,225
MIT	93.394	5710001571	65,532
Mount Sinai School of Medicine	93.859	R01 GM072084	25,787
New England Medical Center	93.837	5 R01 HL081352-05	138,366
New England Medical Center	93.846	AR051361	7,446
New England Research Institute, Inc.	93.279	R01 DA016929	18,093
New England Research Institute, Inc.	93.866	R44 AG026839	94,824
New Jersey Medical School	93.866	AG21593	2,424
New York University	93.242	SPA# 08-1416	139,197
New York University, School of Medicine	93.859	3 R01 GM058750-10	66,657
Northeastern University	93.242	542660	11,236
Northeastern University	93.867	541760P0903682	55,735
Northwestern University	93	EH03-339-S4	47,294
Northwestern University	93.867	0600 350 K310 897	70,113
Ohio State University	93.867	RF 010780227	28,738
Oklahoma Medical Research Foundation	93.855	U19 AI062629 04	218,406
Oklahoma Medical Research Foundation	93.855	5 U19 AI062629 05	294,818
Purdue School of Health Sciences	93.866	511-1720-01	108,820
Sequenom, Inc.	93	HHSN2621200700031C	1,016
Society For Adolescent Medicine	93		(428)
St. Luke's Roosevelt Hospital	93.918	H97HA01297-05	49,085
Stanford University	93.172	18321860-1125-A	70,303
Stanford University	93.866	PY 1570	(270)
Syracuse University	93.837	R01 AA014480	112,882
Texas A&M University	93.113	S080016	20,376
Texas A&M University	93.242	S080069	443,862
The Jackson Laboratory	93.839	JAX 52456	(7,458)
The Jackson Laboratory	93.859	R01 GM072706	27,193
Tufts New England Medical Center	93.837	1 R01 HL090997 01	15,896
Tufts University	93	N01-AI-30050	258,542
Tufts University	93.121	5U01DE017788-04	65,306
Tufts University	93.121	DE14950	(1,611)
Tufts University	93.121	HS2344	(102)
Tufts University	93.121	HS2356	90,215
Tufts University	93.121	HS9156	12,496
Tufts University	93.395	7 R21 CA123253-02	31,119
Tufts University	93.837	980243	64,558
Tufts University	93.837	HS4935	78,015
Tufts University	93.848	5 R01 DK75030 03	119,276
Tufts University	93.855	HS1958	44,979
Tufts University	93.866	HS1884	59,928
Tufts University	93.121	HS2357	160,392
University of New Mexico	93.859	R01 GM028688	89,844
University of Alabama	93.866	5 R01 AG028359 04	88,550

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Boston University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

	Federal CFDA Number*	Pass-through Number*	Total Federal Expenditures
Research and Development and Research Training Programs Cluster (cont.)			
Research and Development Pass-through Programs (cont.)			
University of California Davis	93.855	R01 AI072391	\$ 67,409
University of California Los Angeles	93.173	1 R01 DC009229	30,903
University of California Los Angeles	93.846	1563 G JB615 AMEND 1	28,051
University of California Los Angeles	93.866	1 P01 AG027818	117,682
University of California San Diego	93	ADC-013	(723)
University of California San Diego	93.866	100 HC	3,699
University of California San Diego	93.866	100LL	(36)
University of California San Diego	93.866	5 R01 AG022381	29,686
University of California San Diego	93.866	ADNI-024	58,014
University of California San Diego	93.866	R01 AG022982	460
University of California San Diego	93.866	TBA-100-HBA	95,473
University of California San Francisco	93.846	2968SC	72,956
University of Chicago	93.173	R01 DC007995	120,253
University of Cincinnati	93.279	PC03A-02585	902
University of Colorado, Denver	93.853	7R01NS051710-05	29,226
University of Georgia	93.866	RR546-019/4184277	66,900
University of Massachusetts Boston	93.242	R01 MH074589	204,301
University of Miami	93.837	66444M	39,853
University of Minnesota	93.847	P663654801	386,128
University of North Carolina, Chapel Hill	93.859	5-50510	30,871
University of North Carolina, Chapel Hill	93.865	R01 HD057194-01A1	25,721
University of Pennsylvania	93.837	R01 HL085303	83,215
University of Pittsburgh	93.846	1366	29,721
University of Rhode Island	93.273	020407/0001163	(51)
University of Rochester	93.859	R01 GM63710-06	31,575
University of South Dakota	93.837	SR-2008-10	92,224
University of Tennessee at Memphis	93.846	5 R01 AR52190 02	5,319
University of Texas	93.853	116437/115709	136,818
University of Texas Health Science Center at Houston	93.395	1 R21 CA109962-01A2	2,005
University of Toledo	93.279	N2009-06	13,924
University of Tulane(UTAP)	93.865	25802	1,630,098
University of Tulane(UTAP)	93.865	CCU624410	88,708
University of Tulane(UTAP)	93.865	U62/CCU622410-05	1,588,063
University of Utah	93.837	2409028-05	32,138
University of Utah	93.853	2 R56 NS034425-10A2	79,213
University of Washington	93.848	WU 04-209	170,776
University of Washington	93.849	899854	23,722
University of Washington	93.866	719497	(10,126)
University of Washington	93.866	818019	(59)
University of Washington	93.866	544900	42,622
University of Washington	93.866	259677	5,806
University of Wisconsin	93.856	J033316	1,263,464
University of Wisconsin - Madison	93.173	1 R01 DC006013	(226)
University of Wisconsin - Madison	93.866	X329792	149,281
Vanderbilt University	93.849	VUMC30937-R	10,377
Washington University, St Louis	93.837	2905619N	3,852
Washington University, St Louis	93.837	WU-07-99	154,708
Weill Medical College of Cornell University	93.389	R01 RFR020115	6,272
Wellman Center for Photomedicine	93.867	EY14106-06	6,537
Yale University	93.226	A06745	15,154
Yale University	93.226	A07347	74,047
Yale University	93.279	A06469	150,695
Yale University	93.279	A06106	57,305
Department of Health and Human Services Subtotal			<u>20,736,986</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Boston University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

	Federal CFDA Number*	Pass-through Number*	Total Federal Expenditures
Research and Development and Research Training Programs Cluster (cont.)			
Research and Development Pass-through Programs (cont.)			
Department of Education			
Association of Schools of Public Health	84	BUMCH# H133N5001495A	\$ (32,802)
Boston Medical Center	93	122607	(1,248)
Boston Public Schools	84.215	0000464940	5,848
Boston Public Schools	84.215	0000466897	30,000
Boston Public Schools	84.215	0000509737	3,169
University of Illinois, Chicago	84.133	2005-2490-02-05	14,916
University of Pittsburgh	84.027	600758-1	1,460
University of Pittsburgh	84.027	600796-1	122,035
Department of Education Subtotal			<u>143,378</u>
National Science Foundation			
Bossa Nova Technologies, LLC	47.041	BNT-BU-07	(4,068)
Brandeis University	47.074	EF-0425719	184,865
Brown University	47.049	PHY-0403891	2,543
Case Western Reserve University	47.049	DMR-0710485	64,519
Columbia University	47.049	563669	101,363
Columbia University	47.049	PHY-030129	606,697
Columbia University	47.050	OCE-0453958	11,562
Cyber Materials LLC	47.041	IIP-0724382	100,253
Cyber Materials LLC	47.041	SUB OII-0548726	20,240
Gallaudet University	47.075	SBE-0541953	234,302
Joint Oceanographic Institution	47.050	OCE-0431095	(488)
Massachusetts Institute of Technology	47.049	MIT 5710001583	(112,985)
Montana State University	47.080	OCI-0838317	4,563
National Radio Astronomy Observatory	47.049	8030	12,700
National Radio Astronomy Observatory	47.049	GSSP07-0009	2,130
Northeastern University	47.041	4001248050	7,372
Northeastern University	47.041	400013P104935	584,158
Northeastern University	47.041	EEC-9986821	65,001
Old Dominion University Research Foundation	47.079	OISE-0730256	104,189
Pennsylvania State University	47.050	EAR-0632516	216
Rensselaer Polytechnic Institute	47.041	EEC-0812056	266,420
South Dakota State University	47.074	DBI-0604755	(159)
SRI International	47.05	ATM-0608577	11,362
University Corporation for Atmospheric Research (UCAR)	47.050	ATM-0301213	55,992
University of California Los Angeles	47.049	PHY-0612805	424,040
University of Nevada, Reno	47.079	OISE-0437165	3,088
University of Southern California	47.050	119521	7,195
University of Tennessee, Knoxville	47.074	EF-0430418	1,616
University of Virginia	47.074	GA10618-127104	43,712
University of Washington	47.050	OCE-062879	20,785
University of Wisconsin	47.049	PHY-0612704	11,575
University of Wisconsin	47.070	CNS-0834243	25,430
Wayne State University	47.079	WSU07074	15,243
Woods Hole Oceanographic Institution	47.074	DEB-0410315	59,583
National Science Foundation Subtotal			<u>2,935,014</u>
Department of Defense			
American Cancer Society, National	12	IRG 72 001 33	2,308
Battelle Memorial Institute	12	220364	14,673
BBM Technologies Corporation	12	F30602-01-C-0170	(462)
Boston Medical Center	12	44291-6050-46	105,463
Boston Medical Center	12.420	0262001	404,796

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Boston University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

	Federal CFDA Number*	Pass-through Number*	Total Federal Expenditures
Research and Development and Research Training Programs Cluster (cont.)			
Research and Development Pass-through Programs (cont.)			
Boston Micromachines Corporation	12	W911NF-08-C-0006	\$ 141,731
Brigham and Women's Hospital	12	W81XWH-07-2-0011	8,184
Center for Integration of Medicine and Innovative Technology	12	W81XWH-07-2-01	61,066
Department of Defense	12.420	W81XWH-07-1-0012	98,727
Henry M. Jackson Foundation	12	125796	19,106
Hewlett-Packard Company	12	HR0011-09-3-0001	222,872
HRL Laboratories, LLC	12.910	HR0011-09-C-0001	227,135
Hypermed, Inc.	12.042	DAMD17-03-1-0767	(919)
Impulse Devices, Inc.	12	W9113M-07-S2-BASE	604,984
KaZak Composites, Inc.	12	N00014-07-M-042	(22,665)
KaZak Composites, Inc.	12	N00014-07-C-0195	999
Massachusetts General Hospital	12.420	207116	156,037
Massachusetts General Hospital	12.420	207127	2,118
Massachusetts General Hospital	12.420	214475	26,769
Massachusetts Institute of Technology	12.431	W911NF-07-1-0035	33,047
Massachusetts Institute of Technology	12.800	FA9550-06-1-0470	152,186
Ohio State University Research Foundation	12.800	FA9550-06-1-0324	163,361
Photronix, Inc.	12	FA9453-07-C-0048	32,440
Photronix, Inc.	12	W15P7T-06-C-M0006	16,791
Science Research Laboratory, Inc.	12	W31P4Q-08-C-0457	16,738
Tufts University	12	ARM168	129,702
University of California, San Francisco	12.420	W81XWH-05-1-0330	45,214
University of New Hampshire	12	PZ09016	60,315
University of Rochester	12.431	W911NF-05-1-0197	238,788
University of Rochester	12.630	412333-G	81,426
University of Rochester	12.630	F49620-03-1-0379	44,473
Woods Hole Oceanographic Institution	12.300	N00244-07-1-0022	10,323
Worcester Polytechnic Institute	12.420	W81XWH-07-2-0106	59,147
Department of Defense Subtotal			<u>3,156,873</u>
Department of Energy			
Alem Associates, Inc.-RMD Joint Venture	81.049	DE-FG02-05ER84160	81,587
Duke University	81.049	DE-FG02-95ER62083	98,702
JSA, LLC, Jefferson Labs	81	07-P0342	12,284
Los Alamos National Laboratory	81	DE-AC52-06NA25396	92,887
Radiation Monitoring Devices, Inc.	81.049	DE-FG02-04ER83898	1,786
Tulane University	81.049	DE-FC02-06ER64298	108,990
University of Oregon	81.049	DE-FG-05ER41383	28,395
UNLV Research Foundation	81.087	RF-06-PRD-001	8,014
UT-Battelle LLC/ORNL	81	DE-AC05-00OR22725	295,974
Department of Energy Subtotal			<u>728,619</u>
Department of Homeland Security			
Northeastern University	93.061	2008-ST-061-ED0001	159,303
Department of Homeland Security Subtotal			<u>159,303</u>
Agency for International Development			
ABT Associates Inc	98		38,375
ABT Associates Inc	98	16071-5	55,284
ABT Associates Inc	98	16071-7	100,554
ABT Associates Inc	98	22704	70,601
ABT Associates Inc	98	ABT-00-185	(1,176)
Center for Community Health and Development	98		102,665
Emerging Markets Group, LTD.	98	4310-004-P07-002	222
Emerging Markets Group, LTD.	98	4310-005-05-CR002GROUP	39,010
Johns Hopkins University	98.001	A00-63-0019-00 USAID	192,386

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Boston University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

	Federal CFDA Number*	Pass-through Number*	Total Federal Expenditures
Research and Development and Research Training Programs Cluster (cont.)			
Research and Development Pass-through Programs (cont.)			
JSI Research Training Institute Inc	98	36100-02	\$ 25,567
Management Sciences for Health	98	GHN-A-00-70- 00002-00	6,257
PACT, Vietnam	98	PO-08-02-BU	53,002
PACT, Vietnam	98.011	AL-017	205,505
Right to Care South Africa	98	AOT-00-99-00237-00	158,358
Weidman Associates, Inc.	98	PASSN-2008-01-BU	54,162
Agency for International Development Subtotal			<u>1,100,772</u>
Department of Agriculture			
Indiana University	10.206	2008-35107-04500	75
Department of Agriculture Subtotal			<u>75</u>
Department of Commerce			
Massachusetts Fishermen's Partnership	11	EA 133F05CN1403	104
University of Maryland, College Park	11.44	NA 17EC1483	52,299
University of New Orleans	11.463	NA 06NOS4630026	27,039
University of Rhode Island	11.472	NA 6NMF4720100	51,721
Woods Hole Oceanographic Institution	11.417	NA 16RG2273	(2,327)
Department of Commerce Subtotal			<u>128,836</u>
Department of the Interior			
Island Alliance, Inc.	15.916	H1727050006-J1727050012	(11,120)
University of Illinois, Chicago	15.608	50181-6-J069	104,705
Department of the Interior Subtotal			<u>93,585</u>
Department of Labor			
Mathematica Policy Research Inc.	17	GS10F0050L	86,517
Mathematica Policy Research, Inc.	17	DOLQ049601212	112,353
Department of Labor Subtotal			<u>198,870</u>
Department of State			
Massachusetts General Hospital	19	S-LMAQM-08-GR-070	66,493
Department of State Subtotal			<u>66,493</u>
National Aeronautics and Space Administration			
Boston Micromachines Corporation	43	NNC06ACA36C	(70)
Boston Micromachines Corporation	43	NNC07CA31C	18,145
California Institute of Technology, Jet Propulsion Laboratory	43	1259071	68,174
California Institute of Technology, Jet Propulsion Laboratory	43	NM0710076	133,265
Jet Propulsion Laboratory	43	NM0710837	25,573
Johns Hopkins University/Applied Physics Laboratory	43	NAS5-01072	9,315,299
Johns Hopkins University/Applied Physics Laboratory	43	NNG04EB99C	7,313
Lowell Observatory	43	NAS2-97001	36,571
Massachusetts Institute of Technology	43	NNA08CN84A	57,688
Massachusetts Institute of Technology	43	NNG06GE48E	62,385
Oregon State University	43	NNG06GF54G	53,489
Photon Systems, Inc.	43	NNX09CD94P	24,017
Photon Systems, Inc.	43	NNG06GA 82G	72,567
Scientific Systems Co., Inc.	43	NNX09CCA 95C	7,970
Smithsonian Astrophysical Observatory	43	NAS8-03060	60,736
South west Research Institute	43	NNG05EC85C	376,489
South west Research Institute	43	NAS7-03001	3,869
Space Telescope Science Institute	43	NAS5-26555	125,994
Universities Space Research Association	43	03491-56	(630)
University of Arizona	43	NNX08AT05A	36,225
University of California Los Angeles	43	NNG04GM72G	841
University of Colorado	43.002	NNG07EK31C	813
University of New Hampshire	43	NAG5-11258	(46)

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Boston University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

	Federal CFDA Number*	Pass-through Number*	Total Federal Expenditures
Research and Development and Research Training Programs Cluster (cont.)			
Research and Development Pass-through Programs (cont.)			
University of New Hampshire	43	NNX07A103G	\$ 44,220
University of New Hampshire	43	NNX08AL80G	80,207
National Aeronautics and Space Administration Subtotal			<u>10,611,104</u>
Research and Development Pass-through Programs Subtotal			<u>40,059,908</u>
Total Research and Development			<u>\$ 256,581,092</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Boston University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

	Federal CFDA Number	Total Federal Expenditures
Research and Development and Research Training Programs Cluster (cont.)		
Research Training Direct Programs		
Department of Health and Human Services		
Bureau of Health Professions	93.186	\$ (39)
Bureau of Health Professions	93.358	(1,233)
Bureau of Health Professions	93.822	(4,663)
Center for Disease Control	93.061	10,929
Children's Bureau	93.110	1,877
Children's Bureau	93.648	7,281
Division of Nursing-Bureau of Health Professionals	93.298	(2,975)
Health Resources and Services Administration	93.110	894,174
Health Resources and Services Administration	93.145	321,225
Health Resources and Services Administration	93.186	15,651
Health Resources and Services Administration	93.236	84,995
Health Resources and Services Administration	93.247	(197)
Health Resources and Services Administration	93.249	376,044
Health Resources and Services Administration	93.298	(14)
Health Resources and Services Administration	93.884	498,504
Health Resources and Services Administration	93.900	(17,477)
Health Resources and Services Administration	93.924	291,916
Health Resources and Services Administration	93.984	(47,557)
Healthcare, Research, and Quality	93.226	21,573
National Cancer Institute	93.398	(43,268)
National Center for Health Research Resources	93.389	145,635
National Eye Institute	93.867	35,233
National Heart, Lung, and Blood Institute	93.837	872,819
National Heart, Lung, and Blood Institute	93.838	864,098
National Heart, Lung, and Blood Institute	93.839	202,517
National Institute of Arthritis & Musculoskeletal & Skin Diseases	93.846	12,150
National Institute of Allergy and Infectious Diseases	93.855	174,255
National Institute of Allergy and Infectious Diseases	93.856	135,993
National Institute of Biomedical Imaging and Bioengineering	93.286	23,086
National Institute of Child Health and Human Development	93.864	630,918
National Institute of Child Health and Human Development	93.865	110,705
National Institute of Dental and Craniofacial Research	93.121	(6,006)
National Institute of Diabetes and Digestive and Kidney Disease	93.847	(84,294)
National Institute of Environmental Health Services	93.113	187,315
National Institute of General Medical Sciences	93.859	867,617
National Institute of Neurological Disorders and Stroke	93.853	140,524
National Institute on Aging	93.866	585,724
National Institute on Deafness & Other Communication Disorders	93.173	32,797
National Institute on Drug Abuse	93.278	67,772
National Institute on Drug Abuse	93.279	28,193
National Institute on Mental Health	93.242	37,616
National Institute on Mental Health	93.282	425,577
National Library of Medicine	93.879	(517)
Substance Abuse and Mental Health Services Administration	93.274	(253)
Department of Health and Human Services Subtotal		<u>7,896,220</u>
Department of Education		
Department of Education	84.015	239,892
Department of Education	84.047	613,761
Department of Education	84.129	(61)

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Boston University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

	Federal CFDA Number	Total Federal Expenditures
Research and Development and Research Training Programs Cluster (cont.)		
Research Training Direct Programs (cont.)		
Department of Education	84.133	\$ 1,131,969
Department of Education	84.170	62,573
Department of Education	84.200	15,846
Department of Education	84.263	6,749
Department of Education	84.325	175,509
Department of Education Subtotal		2,246,238
National Science Foundation		
National Science Foundation	47.041	52,944
National Science Foundation	47.049	477,395
National Science Foundation	47.074	120,059
National Science Foundation	47.076	3,386,083
National Science Foundation	47.079	20,306
National Science Foundation Subtotal		4,056,787
Department of Defense		
Army	12.420	31,993
National Security Agency	12.900	56,027
National Security Agency	12.901	30,586
National Security Agency	12.902	57,359
Department of Defense Subtotal		175,965
Department of Commerce		
Department of Commerce	11.420	6,280
Department of Commerce	11.609	1,333
Department of Commerce Subtotal		7,613
National Endowment for the Humanities		
National Endowment for the Humanities	45.163	188,671
National Endowment for the Humanities Subtotal		188,671
Environmental Protection Agency		
Environmental Protection Agency	66	1,176
Environmental Protection Agency	66.514	10,309
Environmental Protection Agency Subtotal		11,485
National Aeronautics and Space Administration		
National Aeronautics and Space Administration	43	71,222
National Aeronautics and Space Administration Subtotal		71,222
Research Training Direct Program Subtotal		14,654,201

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Boston University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

	Federal CFDA Number*	Pass-through Number*	Total Federal Expenditures
Research and Development and Research Training Programs Cluster (cont.)			
Research Training Pass-through Programs			
Department of Health and Human Services			
Boston Medical Center	93.156	D01HP08796-02-00	\$ 182,530
Brigham and Women's Hospital	93.233	T32 HL07901-10	12,045
Brigham and Women's Hospital	93.233	T32 HL07901-11	29,854
Commonwealth of Massachusetts	93	HH20000	33,127
Dartmouth College	93.989	5-30983.570	44,705
Frontline Healthcare Workers Safety Foundation, Ltd.	93		38,175
Harvard University	93.838	1 F32 HL092743-01	32,780
Harvard University	93.879	151844.1670/1671/1672	2,549
Harvard University	93.879	151844.1770/1771/1772	49,140
Marian and Jasper Whiting Foundation	93.838	7 F32 HL92743 02	2,661
National Center for Healthy Housing	93	NCHH-07-1063	12,690
University of Massachusetts Medical Center	93.107	6056354	(597)
University of Massachusetts Medical Center	93.107	6084083	5,505
University of Massachusetts Medical Center	93.107	6100233	20,667
University of Massachusetts Medical School	93	6076229/RFS700109	(1,451)
University of Massachusetts Medical School	93.145	0006083037/ETC-6	3,820
University of Massachusetts Medical School	93.145	6100057/ET06	34,170
University of Massachusetts, Worcester	93.110	6065562/RFS700005	14,658
University of Massachusetts, Worcester	93.145	6058791/ OCP6	397
Department of Health and Human Services Subtotal			<u>517,425</u>
Department of Education			
Boston Public Schools	84.010	24414	95,390
Boston Public Schools	84.215	439362	11,144
Commonwealth of Massachusetts	84.027	CTDOE88300BOSUNIV07SEPLT2	1,894
Commonwealth of Massachusetts	84.027	268-001-8-3412-I	22,516
Commonwealth of Massachusetts	84.027	268-001-9-3412-J	3,289
Commonwealth of Massachusetts	84.027	CTDOE88300BOSUNIV07SEPLT2	34,554
Commonwealth of Massachusetts	84.126	SC MRC 2007 5001036000A	(46)
Commonwealth of Massachusetts	84.366	150-020-9-3412-J	15,737
Commonwealth of Massachusetts	84.367	CTRGTFY08BOSTONUNIVITQ08	19,477
Commonwealth of Massachusetts	84.126	SC MRC 2007 5001036000A	76,460
Commonwealth of Massachusetts	84	RFR2008STEM001	8,354
Commonwealth of Massachusetts	84.027	CTDOE88300BOSUNIV07SEPLT	2,234
Commonwealth of Massachusetts	84.367	CTRGTFY08BOSTONUNIVITQ08	95,134
University of Montana	84.133	PG09-25908-02	6,932
Department of Education Subtotal			<u>393,069</u>
Corporation for National and Community Service			
Jumpstart For Young Children, Inc.	94.006	840200	56,431
Corporation for National and Community Service Subtotal			<u>56,431</u>
Agency for International Development			
The Association Liaison Office for University Cooperation in Development	98	CD22404	(407)
Agency for International Development Subtotal			<u>(407)</u>
Department of Labor			
Action for Boston Community Development, Inc.	17.259	60288	6,180
Action for Boston Community Development, Inc.	17.259	60941	8,410
Department of Labor Subtotal			<u>14,590</u>
Research Training Pass-through Programs Subtotal			<u>981,108</u>
Total Research and Training			<u>15,635,309</u>
Total Research and Development and Research Training Major Program Cluster			<u>272,216,401</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Boston University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

	Federal CFDA Number	Total Federal Expenditures
Student Financial Assistance Program Cluster		
Department of Education		
Academic Competitiveness Grants	84.375	\$ 615,985
Federal Pell Grant Program	84.063	6,025,741
Federal Supplemental Educational Opportunity Grants	84.007	3,142,240
Federal Work Study	84.033	3,704,272
National Science and Mathematics Access to Retain Talent Grants	84.376	318,000
Total Student Financial Assistance Program		<u>13,806,238</u>
Construction Program		
Department of Health and Human Services		
National Institute of Allergy and Infectious Diseases (operating) (Note 6)	93.856	11,543
National Institute of Allergy and Infectious Diseases (construction) (Note 6)	93.856	-
Total Construction Program		<u>11,543</u>
Other Programs		
Direct Programs		
Department of Health and Human Services		
Center for Disease Control	93	75,777
Food and Drug Administration	93	(15,392)
Health Resources and Services Administration	93	590,029
		<u>650,414</u>
Food and Drug Administration	93.145	12,334
Health Resources and Services Administration	93.145	455,964
		<u>468,298</u>
Children's Bureau	93.013	(1)
Health Resources and Services Administration	93.928	547,757
National Center for Complementary & Alternative Medicine	93.213	116,116
National Eye Institute	93.867	20,872
National Heart, Lung, and Blood Institute	93.837	19,913
National Heart, Lung, and Blood Institute	93.839	(8)
National Institute of Allergy and Infectious Diseases	93.856	32,300
National Institute of Child Health and Human Development	93.865	65,565
National Institute of Dental and Craniofacial Research	93.121	129,088
National Institute of Environmental Health Services	93.113	10,211
National Institute of Nursing Research	93.361	431,498
National Institute on Aging	93.866	196,800
National Institute on Mental Health	93.242	171,347
National Institute on Mental Health	93.281	9,141
Substance Abuse and Mental Health Services Administration	93.243	127,797
Department of Health and Human Services Subtotal		<u>2,997,108</u>
Department of Commerce		
Department of Commerce	11	80,784
Department of Commerce Subtotal		<u>80,784</u>
Department of Education		
Department of Education	84.015	215,599
Department of Education	84.133	522,132
Department of Education Subtotal		<u>737,731</u>
National Science Foundation		
National Science Foundation	47	1,612
National Science Foundation	47.049	243,338

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Boston University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

	Federal CFDA Number	Total Federal Expenditures
Other Programs (cont.)		
Direct Programs (cont.)		
National Science Foundation	47.050	\$ 12,698
National Science Foundation	47.070	28,949
National Science Foundation	47.075	88,782
National Science Foundation	47.076	93,911
National Science Foundation Subtotal		<u>469,290</u>
Department of Energy		
Department of Energy	81.108	1,068,729
Department of Energy Subtotal		<u>1,068,729</u>
National Endow ment for the Arts		
National Endow ment for the Arts	45.024	13,668
National Endow ment for the Arts		<u>13,668</u>
Department of Justice		
Department of Justice	16	8,259
Department of Justice Subtotal		<u>8,259</u>
National Endow ment for the Humanities		
National Endow ment for the Humanities	45.168	1,993
National Endow ment for the Humanities Subtotal		<u>1,993</u>
Department of State		
Department of State	19	(5,087)
Department of State Subtotal		<u>(5,087)</u>
Department of Veteran's Affairs		
Department of Veteran's Affairs	64	266,836
Department of Veteran's Affairs	64	2,496,854
Department of Veteran's Affairs Subtotal		<u>2,763,690</u>
Environmental Protection Agency		
Environmental Protection Agency	66.716	10,067
Environmental Protection Agency Subtotal		<u>10,067</u>
National Aeronautics and Space Administration		
National Aeronautics and Space Administration	43	183,455
National Aeronautics and Space Administration Subtotal		<u>183,455</u>
Other Programs Direct Program Subtotal		<u>\$ 8,329,687</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Boston University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

	Federal CFDA Number*	Pass-through Number*	Total Federal Expenditures
Other Programs (cont.)			
Pass-through Programs			
Department of Health and Human Services			
A Woman's Concern, Inc.	93	SEFA2503-7	\$ 93,626
Casa Esperanza, Inc.	93.243	5 H79 TI018449-03	59,015
Casa Esperanza, Inc.	93.243	1 H79 TI01697	33,429
Casa Esperanza, Inc.	93.243	H79 T1018449	21,104
			<u>113,548</u>
Commonwealth of Massachusetts	93	INTF2330M04703015074	764,308
Commonwealth of Massachusetts	93	SEFA2590-7	13,347
Commonwealth of Massachusetts	93.136	INTF3410H22508505008	5,564
Commonwealth of Massachusetts	93.959	INTF2330M04703015074	175,748
Commonwealth of Massachusetts	93.247	INTF4107M04803210018	17,942
CRECare, LLC	93.866	2R42HD052318-02	147,345
CRECare, LLC	93.866	1 R41 AG027620 01A1	(145)
CRECare, LLC	93.866	2R42 AG 027620-02	99,219
			<u>246,419</u>
NAMI STAR Center	93.243	5 HR1 SM056675-05	23,388
New Jersey Medical School	93	U52/CCU200506 24	30,049
Tapestry Health Systems, Inc.	93.230	6 H79 TI15768	35,686
Tapestry Health Systems, Inc.	93.243	1 U79 SF015081-01	57,299
Tapestry Health Systems, Inc.	93.243	H79 TI018449	131,127
			<u>188,426</u>
TherImmune Research Corporation	93	THERIMMUNE S 27966	(191)
Department of Health and Human Services Subtotal			<u>\$ 1,707,860</u>
Department of Education			
American-Israeli Cooperative Enterprise	84.304	Q304D080001	60,537
Boston Medical Center	84.133	H133N060024	82,203
Center for Civic Education	84.304	Q304B080001	11,606
Commonwealth of Massachusetts	84.334		3,525
State of Connecticut	84.334		6,000
			<u>9,525</u>
Commonwealth of Massachusetts (Note 7)	84.069		559,682
District of Columbia (Note 7)	84.069		750
State of Connecticut (Note 7)	84.069		44,250
State of Delaware (Note 7)	84.069		500
State of Maine (Note 7)	84.069		37,120
State of New Hampshire (Note 7)	84.069		7,500
State of Pennsylvania (Note 7)	84.069		60,876
State of Rhode Island (Note 7)	84.069		31,170
State of Vermont (Note 7)	84.069		27,750
			<u>769,598</u>
Department of Education Subtotal			<u>933,469</u>
National Science Foundation			
Rice University	47.070	CNS-0634516	36,613
University of Massachusetts	47.076	05-003146 G 00	71,180
National Science Foundation Subtotal			<u>107,793</u>
Department of Defense			
Academy of Applied Sciences	12.431	W911NF-04-1-0001	(95)
Department of Defense Subtotal			<u>(95)</u>
Department of Energy			
Brookhaven National Laboratory	81	DE-AC02-98CH10886	(40)
Department of Energy Subtotal			<u>(40)</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Boston University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

	Federal CFDA Number*	Pass-through Number*	Total Federal Expenditures
<i>Other Programs (cont.)</i>			
Pass-through Programs (cont.)			
Agency for International Development			
Emerging Markets Group, LTD.	98	4390-CPFF-07-02	\$ 312,953
Science Applications International Corporation	98	GS10F-0091L/87097	157,485
Science Applications International Corporation	98	4400136746	516,389
Agency for International Development Subtotal			986,827
Department of Agriculture			
Commonwealth of Massachusetts	10.559	13-035-SF-30	11,364
Department of Agriculture Subtotal			11,364
Environmental Protection Agency			
National Center for Healthy Housing	66	NCHH-07-1063	3,949
Environmental Protection Agency Subtotal			3,949
Other Pass-through Programs Subtotal			3,751,127
Total Other Programs			12,080,814
Total Federal Expenditures			\$ 298,114,996

* Federal CFDA and pass-through numbers have been provided for those which were made available.

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Boston University
Notes to Schedule of Expenditures of Federal Awards
June 30, 2009

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") summarizes the expenditures of Boston University (the "University") under programs of the federal government for the year ended June 30, 2009. 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 and cash flows of the University.

For purposes of the Schedule, federal awards include all grants, contracts and similar agreements entered into directly between the University and agencies and departments of the federal government and all subawards to the University by nonfederal organizations pursuant to federal grants, contracts and similar agreements. Federal CFDA and pass-through numbers have been provided for those which were made available.

2. Summary of Significant Accounting Policies for Federal Award Expenditures

Expenditures for direct costs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in OMB Circular A-21, *Cost Principles for Educational Institutions*. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures also include a portion of costs associated with general University activities (facilities and administrative costs) which are allocated to awards under negotiated formulas commonly referred to as facilities and administrative cost rates (Note 3). The negative amounts represent adjustments or credits, in the normal course of business, to amounts reported as expenditures in prior years.

3. Facilities and Administrative Costs

The University has been approved for a three-year predetermined facilities and administrative cost rate which is effective from July 1, 2006 through June 30, 2009 for fiscal year on-campus and off-campus sponsored research activities. The predetermined rate was based on fiscal year 2005 financial information submitted utilizing the OMB Circular A-21 long form modified total direct cost base method. The base rate for on-campus and off-campus research is 62.5% and 26% of modified total direct costs, respectively, for the period from July 1, 2006 through June 30, 2009.

4. Federal Student Financial Assistance

Student Loan Programs

The federal student loan programs listed below are administered directly by the University and balances and transactions relating to these programs are included in the University's basic consolidated financial statements. The balance of loans issued and outstanding at June 30, 2009 consists of:

	Loans Issued	Outstanding Balance
Perkins	\$ 5,914,549	\$ 41,520,680
Medical - Primary Care	415,050	1,818,233
HPSL - Medical	-	75,511
HPSL - Dental	280,000	867,201
LDS - Dental	120,000	504,321
LDS - Medical	90,000	268,674
Total Direct Loans	<u>\$ 6,819,599</u>	<u>\$ 45,054,620</u>

Boston University
Notes to Schedule of Expenditures of Federal Awards
June 30, 2009

Federal Family Education Loans

Federally-guaranteed loans distributed to students of the University by the William D. Ford Federal Direct Loan Program during the year ended June 30, 2009 are summarized as follows:

Federal Direct Stafford Loan Program	\$ 159,149,033
Federal Direct Parent Loan for Undergraduate Students (PLUS)	<u>63,476,080</u>
Total William D. Ford Federal Direct Loans	<u>\$ 222,625,113</u>

These distributions and related funding sources are not included in the University's general purpose financial statements.

5. Federal Expenditures Passed onto Subrecipients

Research and Development and Research Training Cluster	Various	\$ 37,577,969
Health Resources and Services Administration	Various	80,221
Center for Disease Control	93	21,249
National Center for Complementary & Alternative Medicine	93.213	67,857
National Institute on Aging	93.361	64,821
Department of Education	84.133	210,632
Department of Energy	81.108	118,302
Substance Abuse and Mental Health Services Administration	93.959	<u>770,112</u>
		<u>\$ 38,911,163</u>

6. National Emerging Infectious Diseases Laboratory

In September 2003, the University received award #1 UC6 AI058618-1, CFDA #93.856 totaling approximately \$191,000,000 from the National Institute of Allergy and Infectious Diseases of the Department of Health and Human Services for purposes of constructing the National Emerging Infectious Diseases Laboratory (NEIDL) on the University's medical campus. The award requires that the University and Boston Medical Center fund 26.19% of the construction costs, and the award would fund the remaining 73.81% of construction costs up to \$141,020,930. For the year ended June 30, 2009, the University incurred \$25,102,000 of construction related costs. All costs incurred are capitalized in the University's financial statements and therefore are not included in the Schedule. There are also other nonconstruction related costs that are part of this award agreement and are listed on the Schedule under construction program operating under CFDA #93.856, award #1 UC6 AI058618-1 totaling \$11,543, for the year ended June 30, 2009. These costs are related to travel and administration of the NEIDL project that are not capitalized and are included on the Schedule.

7. Leveraging Educational Assistance Partnership

Included on the Schedule of Expenditures of Federal Awards under Other Programs, Pass-through Programs are awards (CFDA #84.069, totaling \$769,598 received from the following states and districts: Connecticut, Delaware, Massachusetts, New Hampshire, Pennsylvania, Rhode Island, Vermont and District of Columbia). The LEAP Program provides grants to states to assist them in providing need-based grants and community service work-study assistance to eligible postsecondary students. None of the states or District have been able to confirm with the University which portion of the award relates to amounts received from the federal government.

Boston University
Notes to Schedule of Expenditures of Federal Awards
June 30, 2009

Therefore, the University has included the full amounts received from the states and District on the schedule. Management believes the vast majority of the awards are from state sources.

Part II

Reports on Internal Control and Compliance

Report of Independent Auditors 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*

To the Board of Trustees of
Boston University:

We have audited the consolidated financial statements of Boston University (the "University") as of and for the year ended June 30, 2009, and have issued our report thereon dated October 22, 2009 which included an additional paragraph related to the University's adoption of Statement of Financial Accounting Standards ("SFAS") No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. We conducted our audit 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's consolidated 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*.

We also noted certain matters that we reported to management of the University in a separate letter dated December 2, 2009.

This report is intended solely for the information and use of the University's Board of Trustees, management, state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

October 22, 2009

**Report of Independent Auditors on Compliance with Requirements
Applicable to each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133**

To the Board of Trustees of
Boston University

Compliance

We have audited the compliance of Boston University ("the University") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009, except as described in the second paragraph of this report. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We did not audit the University's compliance with the functions of billing, collection and due diligence compliance requirements specified by the Federal Perkins Loan Program ("Perkins Loan") and described in the OMB *Circular A-133 Compliance Supplement*. Compliance with these requirements was audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the University's compliance with those requirements, is based solely on the report of the other auditors.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the University's compliance with those requirements.

In our opinion, based on our audit and the report of other auditors, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 09-1, 09-2, 09-3, and 09-4.

Internal Control over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, except as noted in the following paragraph, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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

We did not consider internal control over compliance with the functions of billing, collection and due diligence compliance requirements specified by Perkins Loan and described in the OMB Circular A-133 *Compliance Supplement*. Internal control over these compliance requirements was considered by the other auditors referred to above; and our report, insofar as it relates to the University's internal control over those compliance requirements, is based solely upon the report of the other auditors.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration and the other auditors' consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. Also, the report of the other auditors did not identify any deficiencies in internal control over compliance that they consider to be material weaknesses, as defined above.

The University's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the University's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the University's Board of Trustees, management, state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

March 30, 2010

Part III

Audit Findings and Questioned Costs Including Management's Response and Corrective Action Plan

Boston University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unqualified	
Internal control over financial reporting		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Type of auditor's report issued on compliance for major programs	Unqualified	
Any audit findings that are required to be reported in accordance with Section .510(a) of Circular A-133?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no

Identification of Major Programs

CFDA Number(s)	Name of Federal Program/Cluster
Various	Research and Development and Research Training Program Cluster
Various	Student Financial Assistance Program Cluster
93.856	Construction Program (both operating and construction)

Dollar threshold used to distinguish between Type A and Type B programs	\$3,000,000
Auditee qualifies as a low-risk auditee?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no

II. Financial Statement Findings

No findings to report.

Boston University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

III. Federal Award Findings and Questioned Costs

09-1 Student Financial Aid

Grantor:
Department of Education

Award No.:
P033A081828

Award Year:
7/1/08 - 6/30/09

CFDA #:
84.032
84.033

CFDA Title:

Federal Family Education Loans - Federal Direct Stafford Loans
Federal Work-Study Program

Condition

In the course of testing performed over the Student Financial Aid Cluster, the following exceptions were noted:

- Of the 172 payroll transactions selected for federal work study testing, we noted two work study payroll transactions totalling \$77 where the amounts paid to the students and charged to CFDA #84.033 were twice what should have been paid based on approved time sheets.
- Of the 30 selections made for Return of Title IV Funds testing, we noted one instance where a refund was submitted to the government 54 days after the University determined that the student withdrew.
- Of the 30 selections made for Return of Title IV Funds testing, we noted 2 instances where the University used the incorrect semester end date in the refund calculation. This resulted in the University refunding a total of \$131 more than what was required to be refunded.

Criteria

34 CFR 675.1 states that the Institution must establish and maintain program and fiscal records that include (i) a certification by the student's supervisor, an official of the institution or off-campus agency, that each student has worked and earned the amount being paid. The certification must include or be supported by, for students paid on an hourly basis, a time record showing the hours each student worked in clock time sequence, or the total hours worked per day; and (ii) Include a payroll voucher containing sufficient information to support all payroll disbursements.

34 CFR 668.173(b) states that returns of Title IV funds, calculated in accordance with 34 CFR 668.22 (e), are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to

Boston University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

ED or the appropriate FFEL lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew.

34 CFR 668.22(e) states that the amount of Title IV grant or loan assistance that is earned by the student is calculated by (i) Determining the percentage of Title IV grant or loan assistance that has been earned by the student and (ii) Applying this percentage to the total amount of Title IV grant or loan assistance that was disbursed (and that could have been disbursed). The percentage of Title IV grant or loan assistance that has been earned by the student is equal to the percentage of the payment period or period of enrollment that the student completed.

Cause

A lack of diligence in the execution of the University's existing monitoring policies resulted in the findings noted above.

Effect

Return of Title IV Funds calculations were not accurate and returns were not timely, Federal Work Study Funds were overcharged

Questioned Cost

CFDA # 84.033 was overcharged by \$77 as the University was not in compliance with relevant federal regulations or institutional policies and procedures.

Recommendation

We recommend that the University more diligently execute its existing monitoring policies.

Management's Views and Corrective Action Plan

Following this finding are management's views and corrective action plan.

Boston University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

09-2 Equipment Property Management

Research and Development and Research Training Program Cluster

Grantor:
National Institute of Health

Award No.:
5 R01DA12171-04, 5 R01 DA13724 03
5 R01 ES09558 09

Award Year:
Sept 2002 thru Dec 2004, May 2004 thru April 2006
June 2006 thru May 2007

CFDA #:
93.279
93.113

Condition

Of the 49 equipment items selected for testing the completeness and accuracy of the equipment inventory records, we noted one instance where two pieces of equipment had been transferred from the University when the Principal Investigator transferred to another institution. Property Management was not properly notified of the transfers, as required by University Policy. As a result, the University's fixed asset balances were overstated by \$25,704 as of June 30, 2009.

Criteria

2 CFR 215.34 states that equipment records shall be maintained accurately and shall include a description of the equipment, manufacturer's serial number, model number, other identification number, source of the equipment, including the award number, whether title vests in the recipient or the Federal Government, acquisition date, location and condition of the equipment, unit acquisition cost and ultimate disposition data.

Cause

The departments did not notify property management in accordance with the University's policy.

Effect

The University's property records were overstated by \$25,704 as of June 30, 2009.

Questioned Cost

None

Recommendation

We recommend the University more diligently enforce its policies and procedures relating to the review and approval process surrounding sales and transfers of equipment.

Boston University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Management's Views and Corrective Action Plan

Following this finding are management's views and corrective action plan.

Boston University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

09-3 Effort Reporting

Research and Development and Research Training Program Cluster

Grantor:

Department of Health and Human Services

Award No.:

RES015829A

PAG000001G

RGM055722B

Award Year:

7/9/08 - 5/31/09

4/1/08 - 3/31/09

8/1/08 - 7/31/09

CFDA #:

93.113

93.866

93.859

Condition

Of the 56 payroll transactions selected for direct cost testing, we noted 3 effort certifications for the year ended June 30, 2009 which were not signed until December 2009. All charges were allowable and certification occurred prior to the issuance of this report.

Criteria

According to 2 CFR 220, after-the-fact activity reports will reasonably reflect the activities for which employees are compensated by the institution. To confirm that the distribution of activity represents reasonable estimate of the work performed by the employee during the period, the reports will be signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed. Further, for professorial and professional staff, the reports will be prepared each academic term, but no less frequently than every six months. For other employees, unless alternate arrangements are agreed to, the reports will be prepared no less frequently than monthly and will coincide with one or more pay periods.

Cause

The supervisors did not diligently execute the University's policies and procedures related to the timeliness of effort reporting.

Effect

Certifications of effort were not completed and approved timely. We noted that the amount charged to the grant was allowable.

Questioned Cost

Boston University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

None noted

Recommendation

We recommend that the University communicate with all supervisors in order to re-emphasize the importance of timely effort certification.

Management's Views and Corrective Action Plan

Following this finding are management's views and corrective action plan.

Boston University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

09-4 Unallowable Costs

Construction Program

Grantor:
Department of Health and Human Services

Award No.:
1UC6AI058618-01

Award Year:
9/30/2003 - 6/30/2010

CFDA #:
93.856

Condition

Of the 40 transactions totalling \$25.2 million selected for direct cost testing, we noted four unallowable transactions totalling \$27,990 charged to the construction award. The University has subsequently removed these charges from the federal award.

Criteria

OMB A-21 C.2 states " The tests of allowability of costs under these principles are: (a) they must be reasonable; (b) they must be allocable to sponsored agreements under the principles and methods provided herein; (c) they must be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (d) they must conform to any limitations or exclusions set forth in these principles or in the sponsored agreement as to types or amounts of cost items."

Cause

A review of the invoices by National Emerging Infectious Diseases Laboratory operations personnel did not detect the unallowable charges.

Effect

The award was overcharged by \$27,990 and the University was not in compliance with the allowability of the associated charges per federal regulations.

Questioned Cost

\$27,990

Recommendation

We recommend that management emphasize the need to more diligently execute its review process over costs charged to this award.

Boston University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Management's Views and Corrective Action Plan

Following this finding are management's views and corrective action plan.



**Management's Response to the
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009**

09-1 Student Financial Aid

The University agrees with this finding. Management responses are grouped by each exception below.

Exception 1:

This issue is isolated to off-campus job placements utilizing manual payroll timesheets. To prevent future instances, a system enhancement was implemented that prevents data entry staff from processing duplicate transactions. Further, timesheets identified as a possible duplicate transaction are now referred to the student payroll supervisor for resolution. Training is being performed for both new and experienced personnel relating to the Universities policies and procedures for processing student payroll to ensure that errors are avoided.

Exception 2:

As part of its internal control structure, the Office of Financial Assistance generates a report listing all students who withdraw or take leave of absence, and who may have financial aid to be refunded. The report is being run weekly to ensure that refunds are calculated correctly and funds are returned on a timely basis. The Office of Financial Assistance will continue to review and enhance its procedures to ensure accurate and timely processing of refunds.

Training is being performed for both new and experienced personnel relating to the institutional policies and procedures for processing withdrawals and refunds to ensure that errors are avoided. This training will continue to emphasize the requirement to process withdrawal/ and leave data on a timely basis.

Exception 3:

The University Registrar adjusted the spring semester final exam dates on March 10, 2009, to align the final exams schedule with the University's commencement exercises. The Office of Financial Assistance continued to calculate the refunds based on the original calendar.

The calendar change occurred late in the semester and may not have been effectively communicated to all relevant offices. In the future, Boston University will ensure that all

schedule changes are properly communicated and that refund calculations are made using the most accurate date information.

The primary contact for inquiries regarding this response is Christine McGuire, Executive Director of Financial Assistance. Christine's telephone number is (617) 353-4176.

09-2 Equipment Property Management

The University agrees with this finding. Property Management currently performs regular training sessions that include the University's policies and procedures regarding transfers of equipment. Further, as required by OMB Circular A-110 on a bi-annual basis, the Property Management office is currently performing a full physical inventory of all moveable capital equipment that will be completed by June 30, 2010.

Property Management will continue to actively reinforce the importance of maintaining accurate equipment records, including incoming and outgoing equipment transfer procedures, through enhanced training and periodic newsletters sent to departmental staff. Further, the University is in the process of developing new reports to alert Property Management when a Principal Investigator arrives to or departs the University. Finally, Property Management will complete focused, ad-hoc inventories when a department incurs a change in its PI personnel to ensure equipment records are accurate and current. The reports are currently in development and the subsequent follow-up inventories will be in place by June 30, 2010.

The primary contact for inquiries regarding this response is Andrew Horner, Assistant Vice President, Post Award Financial Operations. Andrew's telephone number is (617) 358-5258.

09-3 Effort Reporting

The University agrees with this finding. The University is in the process of updating existing policies and will develop additional formal policies and procedures for effort reporting and certification as needed. These materials will reinforce the importance of timeliness of certification. The University plans to implement new and revised policies by June 30, 2010.

Concurrent with the development of the new procedures, the University will develop a formal training and education program for faculty and administrators. This program will inform these key constituents of their responsibilities for effort reporting and emphasize its importance as a requisite of effective stewardship for federal sponsored research funding. These new training materials will be subsequently rolled out during the Fall 2010 academic semester.

The primary contact for inquiries regarding this response is Andrew Horner, Assistant Vice President, Post Award Financial Operations. Andrew's telephone number is (617) 358-5258.

09-4 Unallowable Costs

Per NIH regulations, only moveable capital equipment with a confirmed location in bio-safety level 3 or 4 laboratories can be charged to the National Emerging Infectious Disease Laboratory (NEIDL) construction account. When the vendor was contacted and the purchase order (PO) for

this equipment was created, the initial allocation was made based upon the intended distribution of the equipment between NIH and University funding sources. After the equipment was received, assembled, and final location confirmed, the appropriate expense distribution varied by \$27,990 from the original planned distribution. The charging instructions provided by departmental personnel indicated the proper updated distribution; however a data entry error was made as the charges posted according to the initial allocation entered at PO setup. When the error was discovered, a journal entry was made to correct the distribution to reflect the final equipment location and remove the unallowable charges from the NEIDL award.

The University will perform more diligent reviews of the charges to the NEIDL award to detect and correct errors on a timely basis. Additional training on allowability, allocability and financial management will be provided to the staff responsible for monitoring the charges to the NEIDL award. These training materials are currently being updated and will be reviewed with NEIDL and Research Accounting personnel by June 30, 2010.

The primary contact for inquiries regarding this response is Andrew Horner, Assistant Vice President, Post Award Financial Operations. Andrew's telephone number is (617) 358-5258.



Martin J. Howard
Vice President for Financial Affairs

Boston University
Summary Schedule of Prior Year Findings
Year Ended June 30, 2009

We noted no findings in the prior year's audit report which require updating in this report.